

Admission Particulars dated 25 September 2018



(incorporated with limited liability in England and Wales)

JAPANESE YEN CALLABLE BONDS - FIRST SERIES (2018) JAPANESE YEN CALLABLE BONDS - SECOND SERIES (2018) (the "Bonds")

The Issuer intends to apply to the London Stock Exchange plc (the "LSE") for the Bonds (as described herein) to be admitted to trading on the LSE's International Securities Market (the "ISM"). **The ISM is a market designated for professional investors. Bonds admitted to trading on the ISM are not admitted to the Official List of the United Kingdom Listing Authority. The LSE has not approved or verified the contents of these Admission Particulars.** These Admission Particulars do not comprise a prospectus for the purposes of Directive 2003/71/EC, as amended.

These Admission Particulars have been prepared in connection with the application to admit the Bonds to trading on the ISM and do not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds. The distribution of these Admission Particulars and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession these Admission Particulars come are required to inform themselves about and to comply with any such restrictions.

Annexes A (pages 3 to 65) and B (pages 66 to 77) hereto, derived from certain sections of the Japanese shelf registration prospectus as of 11 September 2018 relating to the Bonds and the supplement thereto as of 14 September 2018, respectively, form an integral part of, and should be read together with, these Admission Particulars. Information indicated as "Undetermined" in Annex A is supplemented by and completed in Annex B. Certain matters which have already been described in Annex A are indicated as "Omitted" in Annex B. The Reference Documents referred to in "Part II. Reference Information" of Annex A are available on the website of the Japanese Electronic Disclosure for Investors' Network (EDINET) at <https://disclosure.edinet-fsa.go.jp/E01EW/BLMainController.jsp?uji.verb=W1E63013CXW1E6A013DSPSch&uji.bean=e.e.bean.parent.EECommonSearchBean&TID=W1E63013&PID=W1E63013&SESSIONKEY=1536141420842&lgKbn=1&pkbn=0&skbn=1&dskb=&askb=&dflg=0&iflg=0&cal=2&mul=%E3%83%90%E3%83%BC%E3%82%AF%E3%83%AC%E3%82%A4%E3%82%BA%E3%83%BB%E3%83%94%E3%83%BC%E3%82%A8%E3%83%AB%E3%82%B7%E3%83%BC&fls=on&ot h=on&mon=&yer=&pfs=4&row=100&idx=0&str=E05982&kbn=1&flg=&syoruiKanriNo>.

1. **Responsibility Statement**

The Issuer accepts responsibility for the information contained in these Admission Particulars and declares that, having taken all reasonable care to ensure that such is the case, the information contained in these Admission Particulars is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. **Authorisation**

The issue of the Bonds was authorised by the Group Finance Director of the Issuer on 6 September 2018 pursuant to an authority granted by the board of directors of the Issuer on 28 March 2018.

3. **Significant Change**

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2018.

4. **ISIN, FISN and CFI Codes**

In relation to the JPY Callable Bonds – First Series, the ISIN is JP582603AJ96, the FISN code is BARCLAYS/VARBD 20240925 UNSEC and the CFI code is DBVUFB.

In relation to the JPY Callable Bonds – Second Series, the ISIN is JP582603BJ95, the FISN code is BARCLAYS/VARBD 20280925 UNSEC and the CFI code is DBVUFB.

5. **Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 213800LBQA1Y9L22JB70.

ANNEX A

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

No commissioned company for bondholders will be appointed in respect of the Bonds. Therefore, the Bondholders are required to do any and all acts by themselves individually, if necessary, in order to obtain payment of principal of and interest on, and to preserve their rights under the Bonds, in certain circumstances, such as the Issuer do not perform its obligations under the Bonds. The Fiscal Agent is acting solely as agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with the Bondholders.

PART I. INFORMATION PERTAINING TO SECURITIES

Here follows the descriptions of BARCLAYS PLC JAPANESE YEN CALLABLE BONDS - FIRST SERIES (2018) and BARCLAYS PLC JAPANESE YEN CALLABLE BONDS - SECOND SERIES (2018) (collectively, "**JPY Callable Bonds**") to be issued by Barclays PLC (the "**Issuer**"). The term "**Bonds**" means one or more series of the JPY Callable Bonds, collectively, or if the context requires, either series of the Bonds.

The term "**Bondholders**" means the holders of the Bonds.

I. TERMS AND CONDITIONS OF OFFER FOR SUBSCRIPTION

1. Offering of the Bonds (other than short-term notes)

Name of the Bonds	: Barclays PLC Japanese Yen Callable Bonds - (Undetermined)th Series (2018) (Note 1) (Note 2)
Registered/Bearer	: —
Aggregate Face Value or Aggregate Amount of Book-Entry Transfer Corporate Bonds	: (Undetermined)
Denomination of Each Bond	: JPY 100,000,000
Aggregate Issue Price	: (Undetermined)
Issue Price	: 100% of the principal amount of the Bond

Rate of Interest (%)	: From, and including, (Undetermined) September 2018 to, and including, (Undetermined) September (Undetermined): (Undetermined)% per annum From, and including, (Undetermined) September (Undetermined) to, and including, (Undetermined) September (Undetermined): The interest rate shall be (Undetermined) % per annum plus the offered rate for 6-month Japanese yen deposits in the London interbank market which appears on the Reuters Page LIBOR01 (as defined in "Method of Payment of Interest—(2)(vii)" below.) Please see "Method of Payment of Interest" below.
Interest Payment Date	: (Undetermined) March, and (Undetermined) September of each year Please see "Method of Payment of Interest" below.
Optional Redemption Date	(Undetermined) (the " Fixed-to-Floating Rate Par Redemption Date ") Please see "Method of Redemption" below.
Maturity Date	: (Undetermined) September (Undetermined)
Method of Offering	: Public offering
Deposit for Subscription	: Not Applicable
Period of Subscription	: (Undetermined) September 2018
Place for Subscription	: Head Office and each branch office in Japan of each Underwriter listed below
Closing Date	: (Undetermined) September 2018 (the "Issue Date")
Book-Entry Transfer Institution	: Japan Securities Depository Center, Incorporated (" JASDEC ") (Note 3)

1-1, Nihombashi-Kayabacho 2-chome,
Chuo-ku, Tokyo

Method of Public Notice:

Notices to the Bondholders shall be valid if published in the Japanese Official Gazette (*kampo*), if possible, and in a daily Japanese newspaper published in both Tokyo and Osaka reporting on current affairs (which is expected to be the *Nihon Keizai Shimbun*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Direct notification to individual Bondholders need not be made. Such public notices to be given by the Issuer shall, upon the request and at the expense of the Issuer, be given by the Fiscal Agent (as described in "Fiscal Agent and Its Duties and Functions" below) on behalf of the Issuer.

(Note 1) The Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, Etc. of Japan (Law No. 75, 2001, as amended) (the "**Book-Entry Transfer Law**") shall apply to the Bonds and the transfer of and other matters relating to the Bonds shall be dealt with in accordance with the Book-Entry Transfer Law and the business regulations and other rules relating to book-entry transfer of corporate bonds, etc. (collectively, the "**Business Regulations**") from time to time adopted by JASDEC.

The certificates for the Bonds (the "**Bond Certificates**") shall not be issued except in such exceptional cases as set forth in the Book-Entry Transfer Law where the Bondholders may make a request for the issue of the Bond Certificates. In the event that the Bond Certificates are issued, all expenses incurred in connection with the issue of the Bond Certificates shall be borne by the Issuer and the Bond Certificates to be issued shall be only in bearer form with unmatured interest coupons and the Bondholders may not request that the Bond Certificates be exchanged for the Bond Certificates in registered form or divided or consolidated.

(Note 2) Application will be made for the Bonds to be traded on the International Securities Market of the London Stock Exchange plc.

(Note 3) All references to JASDEC shall be deemed to include any successor book-entry transfer institution as designated by a competent minister pursuant to the Book-Entry Transfer Law.

Underwriters:

Primary Underwriting

The financial instruments firms which will enter into the Subscription Agreement relating to the issue and offering of the Bonds are as follows:

<u>Name</u>	<u>Addresses</u>
Barclays Securities Japan Limited	10-1, Roppongi 6-chome, Minato-ku, Tokyo
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Mizuho Securities Co., Ltd.	Otemachi First Square, 5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
Nomura Securities Co., Ltd.	9-1, Nihombashi 1-chome, Chuo-ku, Tokyo
SMBC Nikko Securities Inc. (collectively, the " Joint Lead Managers ")	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

Amount Underwritten

(Undetermined) (There is no underwritten amount for each of the Joint Lead Managers, since the aggregate issue price of the Bonds will be jointly and severally underwritten by the Joint Lead Managers.)

Terms of Primary Underwriting

Pursuant to the Subscription Agreement relating to the Bonds to be entered into by and between the Issuer and the Joint Lead Managers on (undetermined) September 2018, the Joint Lead Managers will jointly and severally subscribe for and purchase the Bonds and will offer them to the public. The terms of the primary underwriting other than the above are to be determined. Undetermined matters are to be fixed in mid-September 2018.

Fiscal Agent and Its Duties and Functions:

The fiscal agent and issuing and paying agent and reference agent (as defined in "Method of Payment of Interest —(2)(vii)" below.) in respect of the Bonds (the "**Fiscal Agent**") is as follows:

<u>Name of the Fiscal Agent</u>	<u>Address</u>
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(1) Conditions of Entrustment

The Fiscal Agent shall act as fiscal agent and issuing and paying agent and reference agent in respect of the Bonds under the Fiscal and Reference Agency Agreement (the "**Fiscal**

Agency Agreement") dated (Undetermined) September 2018 between the Issuer and the Fiscal Agent. The Issuer will pay to the Fiscal Agent the initial Fiscal Agent's fee as well as Fiscal Agent's fee during the period as separately agreed by the Issuer and the Fiscal Agent.

(2) Substance of Duties and Functions of the Fiscal Agent

The Fiscal Agent shall perform the duties and functions provided for in the conditions of the Bonds (the "**Conditions of Bonds**"), the Fiscal Agency Agreement and the Business Regulations. The Fiscal Agent is acting solely as agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with the Bondholders. A copy of the Fiscal Agency Agreement together with the Conditions of Bonds shall be kept at the head office of the Fiscal Agent and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

(3) The Issuer reserves the right at any time to terminate the appointment of the Fiscal Agent and to appoint a replacement agent by giving prior public notice, in accordance with "Method of Public Notice" above, thereof to the Bondholders; provided the replacement agent shall be qualified to act as issuing agent and paying agent pursuant to the Business Regulations and the appointment of the Fiscal Agent shall continue until the replacement agent is effectively appointed.

(4) The Issuer shall, without delay, appoint a replacement agent (provided that the replacement agent shall be qualified to act as issuing agent and paying agent pursuant to the Business Regulations) and give public notice in accordance with "Method of Public Notice" above to that effect to the Bondholders if JASDEC notifies of the Issuer that the Fiscal Agent will be disqualified from a designated issuing agent or paying agent.

(5) No commissioned companies for bondholders are appointed in respect of the Bonds.

Method of Payment of Interest:

(1) Fixed Interest

The Bonds shall bear fixed interest (the "**Fixed Interest**") at the rate of (undetermined)% per annum of their principal amount for the period from, and including, (undetermined) September (undetermined) to, and including, (undetermined) September (undetermined) (the "Fixed-to-Floating Rate Par Redemption Date"), payable in Japanese yen semi-annually in arrear on (undetermined) March and (undetermined) September of each year (commencing on (undetermined) March 2019) in respect of the half year period to, and including, each such interest payment date, provided, however, that, if any due date for payment of interest on the Bonds falls on a day which is not a Tokyo Business Day (as defined below), the Bondholders shall not be entitled to payment of the amount due until the next following Tokyo Business Day and shall not be entitled to the payment of any further or additional interest or other payment in respect of such delay. Whenever it is necessary to

compute an amount of Fixed Interest on the Bonds for a period of less than a half year, such interest shall be calculated on the basis of the actual number of calendar days in a 365-day year.

(2) Floating Interest

- (i) The Bonds shall bear floating interest (the "**Floating Interest**") from, and including, (undetermined) September (undetermined), to, and including, (undetermined) September (undetermined), payable in Japanese yen semi-annually in arrear on (undetermined) March (undetermined) and (undetermined) September (undetermined) in respect of the Floating Interest Period (as defined below) to, and including, each such date; provided that, if any such date would otherwise fall on a day which is not a Tokyo Business Day, the relevant due date for payment of interest shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Floating Interest Period ending on, and including, the due date as modified pursuant to this proviso. Interest due for a part of any Floating Interest Period shall be payable for the actual number of days included in such part on the basis of a 360-day year. Each due date for payment of Floating Interest, as provided above, is hereinafter referred to as an "**Floating Interest Payment Date**".

In "1. Offering of the Bonds (other than short-term notes)";

- (a) "**Tokyo Business Day**" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo; and
- (b) "**Floating Interest Period**" means the period beginning on, and including, (undetermined) September (undetermined) and ending on, and including, the first Floating Interest Payment Date and the successive period beginning on, but excluding, a Floating Interest Payment Date and ending on, and including, the next succeeding Floating Interest Payment Date.
- (ii) The Bonds shall, from, and including, (undetermined) September (undetermined), to, and including, (undetermined) September (undetermined), bear interest on their principal amount at the rate per annum (the "**Rate of Interest**") from time to time determined as follows; provided that such Rate of Interest shall not be less than 0%.
- (a) At or prior to 10:00 a.m. (Tokyo time) on the Tokyo Business Day (an "**Interest Rate Determination Date**") immediately following the Interest Rate Quotation Date (as defined below), the Issuer will ascertain in respect of the relevant Floating Interest Period the offered rate (rounded, if necessary, to the nearest 4th decimal place with five or more in the 5th decimal place to be rounded upwards) for six-month Japanese yen deposits in the London interbank market administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) ("**LIBOR**") which appears on the Reuters Page LIBOR01 (as defined below) as of 11:00 a.m. (London time) on the second London Business Day (as defined below) before the first day of such Floating Interest Period

(each such day being hereinafter referred to as an "**Interest Rate Quotation Date**"). The Rate of Interest for such Floating Interest Period shall be the rate equal to (undetermined)% per annum (the "**Margin**") plus the above offered rate so ascertained by the Issuer.

In "1. Offering of the Bonds (other than short-term notes)",

- (x) "**London Business Day**" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London; and
 - (y) "**Reuters Page LIBOR01**" means the page designated as "LIBOR01" displayed on Reuters (or any successor service) which page displays LIBOR or such other page as may replace LIBOR01 on that service or such other services as may be reasonably nominated by the Issuer as the information vendor, for the purpose of displaying LIBOR, which replacement shall be promptly notified by the Issuer to the Fiscal Agent in writing.
- (b) If the above offered rate does not appear on the Reuters Page LIBOR01, or if the Reuters Page LIBOR01 is unavailable, in either case, as of 11:00 a.m. (London time), on any Interest Rate Quotation Date, the Issuer will request on the Interest Rate Determination Date the principal Tokyo office, if any, of each of the Reference Banks (as defined below) to provide the Issuer with the offered quotation (expressed as a rate per annum) for six-month Japanese yen deposits commencing on the second London Business Day following such Interest Rate Quotation Date offered by its principal London office to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on such Interest Rate Quotation Date. In such case:
- If on such Interest Rate Determination Date six or more Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Floating Interest Period shall be the rate equal to the Margin plus the arithmetic mean (rounded, if necessary, to the nearest 4th decimal place with five or more in the 5th decimal place to be rounded upwards) of such offered quotations (disregarding two of the lowest and two of the highest of such quotations), as ascertained by the Issuer.
 - If on such Interest Rate Determination Date not less than two but not more than five Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for the relevant Floating Interest Period shall be the rate equal to the Margin plus the arithmetic mean (rounded, if necessary, to the nearest 4th decimal place with five or more in the 5th decimal place to be rounded upwards) of the quotations of those Reference Banks providing such quotations.
 - If on such Interest Rate Determination Date only one or none of the Reference Banks provides the Issuer with such offered quotations, the Issuer

shall ascertain LIBOR which appears on the Reuters Page LIBOR01 as of 11:00 a.m. (London time) on the London Business Day most closely preceding the relevant Interest Rate Quotation Date (if LIBOR does not appear on the Reuters Page LIBOR01 or the Reuters Page LIBOR01 is unavailable, London Business Day preceding but closest to the day on which the offered rate appears). The Rate of Interest for the relevant Floating Interest Period shall be the rate equal to the Margin plus such offered rate so ascertained by the Issuer; provided that, if such London Business Day falls on or before the preceding Interest Rate Quotation Date, if any, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Floating Interest Period.

In "1. Offering of the Bonds (other than short-term notes)", "**Reference Bank**" means a bank which provided its offered quotation used to calculate LIBOR which appeared on the Reuters Page LIBOR01 as of 11:00 a.m. (London time) on the London Business Day most closely preceding the Interest Rate Quotation Date in respect of the relevant Interest Rate Determination Date (if LIBOR does not appear on the Reuters Page LIBOR01 or the Reuters Page LIBOR01 is unavailable, London Business Day preceding but closest to the day on which the offered rate appears).

- (c) If the Issuer (in consultation with the Reference Agent) determines that LIBOR has ceased to be published on the Reuters Page LIBOR01 as a result of such benchmark ceasing to be calculated or administered when the Rate of Interest (or the relevant component part thereof) remains to be determined by reference to LIBOR, then the following provisions shall apply:
 - (v) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner), no later than five Tokyo Business Days prior to the relevant Interest Rate Determination Date relating to the next succeeding Floating Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof);
 - (w) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (in consultation with the Reference Agent and acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
 - (x) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall replace LIBOR for each of the future Floating Interest

Periods (subject to the subsequent operation of, and to adjustment as provided in this "Method of Payment of Interest"); provided, however, that if sub-paragraph (w) above applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Rate Determination Date, the Rate of Interest applicable to the next succeeding Floating Interest Period shall be equal to the Rate of Interest last determined in respect of the preceding Floating Interest Period (or alternatively, if there has not yet been a Floating Interest Period, the rate of interest pursuant to "Method of Payment of Interest – (1)"); for the avoidance of doubt, the proviso in this sub-paragraph (x) shall apply to the relevant Floating Interest Period only and the subsequent Floating Interest Period is subject to the subsequent operation of, and to adjustment as described in this "Method of Payment of Interest";

- (y) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also, following consultation with the Reference Agent, specify changes to provisions described under the Conditions of Bonds (including, but not limited, to the Margin, the relevant day count fraction, screen page, business day convention, business days, Interest Rate Determination Date, Interest Rate Quotation Date and/or the definition of LIBOR), and the method for determining the fallback rate in relation to the Bonds, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and the Rate of Interest shall be the aggregate of (i) the Successor Rate or, as applicable, Alternative Reference Rate, (ii) the Adjustment Spread and (iii) the Margin. If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread and the Rate of Interest shall be the aggregate of (i) the Successor Rate or, as applicable, Alternative Reference Rate and (ii) the Margin. The Issuer shall effect such amendments to the Conditions of Bonds and such consequential amendments to the Fiscal Agency Agreement as the Issuer may deem appropriate in order to give effect to this "Method of Payment of Interest". To the extent permitted by the applicable Japanese Law, consent of the Bondholders shall not be

required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps (if required); and

- (z) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give a public notice thereof to the Bondholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to the Conditions of Bonds.

provided that the determination of any Successor Rate or Alternative Reference Rate, and any other related changes to the Bonds, shall be made in accordance with the relevant Capital Regulations (as defined in "Method of Redemption - (4)" below) (if applicable).

In "1. Offering of the Bonds (other than short-term notes) ";

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to the Bondholders as a result of the replacement of LIBOR with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of LIBOR with the Successor Rate by any Relevant Nominating Body (as defined below); or
- (B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference LIBOR, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (C) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"Alternative Reference Rate" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced LIBOR in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in Japanese yen and of a comparable

duration to the relevant Floating Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to LIBOR;

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"Relevant Nominating Body" means, in respect of LIBOR:

- (A) any central bank for Japanese yen, or any central bank or other supervisory authority which is responsible for supervising the administrator of LIBOR; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) any central bank for Japanese yen, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of LIBOR, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

"Successor Rate" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of LIBOR which is formally recommended by any Relevant Nominating Body.

- (iii) The Issuer shall, at approximately 10:00 a.m. (Tokyo time) on each Interest Rate Determination Date, calculate the interest amount per one (1) currency unit (as defined in the Business Regulations) of the Bonds (the **"Interest Amount Per One Currency"**) for the relevant Floating Interest Period. The Interest Amount Per One Currency shall be calculated, pursuant to the Business Regulations, by applying the Rate of Interest by a fraction, the numerator of which is the actual number of days in the Floating Interest Period concerned and the denominator of which is 360. The Interest Amount Per One Currency for a part of any Floating Interest Period shall be calculated for the actual number of days included in such part on the basis of a 360-day year.
- (iv) After the determination of the Rate of Interest for any Floating Interest Period, but by no later than the 5th Tokyo Business Day following the commencement of any Floating Interest Period, the Issuer shall notify the Fiscal Agent in writing of such Rate of Interest and the relevant Interest Amount Per One Currency and Floating Interest Payment Date; provided that public notices for the Rate of Interest for any Floating Interest Period need not be given. As soon as practicable after receiving such notice, the Fiscal Agent shall make such matters available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours.

- (v) If, after giving notice of any Rate of Interest, the relevant Interest Amount Per One Currency and Floating Interest Payment Date pursuant to sub-paragraph (iv) above, the relevant Floating Interest Period is lengthened or shortened, the Issuer shall promptly determine what adjustment is appropriate. As soon as practicable after the determination of such adjustment, the Issuer shall notify the Fiscal Agent in writing of the Interest Amount Per One Currency and the Floating Interest Payment Date, as amended pursuant to such adjustment; provided that public notices for such amendment need not be given. As soon as practicable after the date on which the Fiscal Agent receives such notice, the Fiscal Agent shall make such matters available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours.
- (vi) Any Rate of Interest, Interest Amount Per One Currency or Floating Interest Payment Date determined in accordance with the provisions of this "Method of Payment of Interest – (2)" shall in the absence of manifest error be final and binding upon all parties, including the Bondholders.
- (vii) Sumitomo Mitsui Banking Corporation acts as the Issuer's reference agent (the "**Reference Agent**") at its head office in Tokyo, Japan in respect of the Bonds. Pursuant to the Fiscal Agency Agreement, the Issuer shall entrust the Reference Agent with (i) the performance of all of its obligations (other than those to give public notices) under this "Method of Payment of Interest – (2)" relating to the ascertainment, calculation and determination of any offered quotation or interest rate (including, but not limited to, the Rate of Interest and the Interest Amount Per One Currency) and (ii) all such other things as may be required to be made or done by the Reference Agent by this "Method of Payment of Interest – (2)", except the determination of any Successor Rate, Alternative Reference Rate, Adjustment Spread or other changes pursuant to "Method of Payment of Interest – (2)(ii)(c)" to be determined by the Issuer or (for the avoidance of doubt) the Independent Adviser (provided that the Reference Agent shall express its opinion to the Issuer in the consultation specified therein). The Reference Agent shall not be liable for any damages arising out of its opinion specified in "Method of Payment of Interest – (2)(ii)(c)" towards anyone including the Issuer and the Bondholders. Any notice required to be given by the Issuer to the Fiscal Agent under this "Method of Payment of Interest – (2)" need not be given if and so long as the Fiscal Agent and the Reference Agent are one and the same bank. The Issuer may from time to time vary the appointment of the Reference Agent; provided that the appointment of the Reference Agent shall continue until the replacement Reference Agent is duly appointed. In such case the Issuer shall give prior public notice thereof.
- (3) The Bonds shall cease to bear interest from, but excluding the date on which they become due for redemption; provided, however, that should the Issuer fail to redeem any of the Bonds when due in accordance with the Conditions of Bonds, then the Issuer shall pay accrued interest on the unpaid principal amount in Japanese yen for the actual number of days of the period from, but excluding, the due date to, and including, the date of the actual redemption of such Bond, computed on the basis of such actual number of days divided by 365 at the rate of (undetermined)% per annum (on or before the Fixed-to-Floating Rate

Par Redemption Date) and on the basis of such actual number of days divided by 360 at the interest rate to be determined applying "Method of Payment of Interest — (2)" as if the Floating Interest Payment Dates continued to occur after such date (after the Fixed-to-Floating Rate Par Redemption Date). Such period, however, shall not exceed the date on which the Fiscal Agent acting as the paying agent allocates the necessary funds for the full redemption of the Bonds received by it from the Issuer to the relevant participants (*kikou kanyusha*) (the "JASDEC Participants"), which have opened their accounts to make book-entry transfer of the Bonds at JASDEC; provided that if such overdue allocation is not possible under the Business Regulations, such period shall not exceed 14 days commencing the date on which the last public notice is given by the Fiscal Agent in accordance with Remarks 4 "Payment of Principal and Interest – (2)". The Issuer shall notify each interest rate so determined to the Fiscal Agent in writing in accordance with the provisions of "Method of Payment of Interest — (2)(iv)", whereupon, by no later than the 5th Tokyo Business Day following each relevant date, the Fiscal Agent shall make such interest rate available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours. Public notice for such interest rate need not be given

Method of Redemption:

(1) Final Redemption

Unless previously redeemed or purchased and cancelled as provided in "Method of Redemption — (2)", "Method of Redemption — (3)", "Method of Redemption — (4)" or "Method of Redemption — (7)", each Bond will be redeemed on (undetermined) September (undetermined) at 100% of its principal amount; provided that, if such date would otherwise fall on a day which is not a Tokyo Business Day, the due date for redemption of the Bonds shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Floating Interest Period ending on, and including, the due date as modified pursuant to this proviso.

(2) Optional Redemption

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, on the Fixed-to-Floating Rate Par Redemption Date by giving notice to the Fiscal Agent and, in accordance with "Method of Public Notice" above, public notice to the Bondholders (which notice shall be irrevocable except in the limited circumstances specified in "Method of Redemption — (5)") not less than 30 nor more than 60 days prior to the redemption date, at their principal amount together with interest accrued to, and including the date of redemption; provided that, if the Fixed-to-Floating Rate Par Redemption Date falls on a day which is not a Tokyo Business Day, the Bondholders shall not be entitled to payment of the amount due until the next following Tokyo Business Day and shall not be entitled to the payment of any further or additional interest or other payment in respect of such delay.

Any redemption of the Bonds pursuant to this Method of Redemption — (2)" will also be subject to "Method of Redemption — (5)" and "Method of Redemption — (6)".

(3) Redemption for Tax Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, by giving notice to the Fiscal Agent and, in accordance with "Method of Public Notice" above, public notice to the Bondholders (which notice shall be irrevocable except in the limited circumstances described in "Method of Redemption — (5)") not less than 30 nor more than 60 days prior to the redemption date (provided that any date fixed for redemption during the Floating Interest Period shall be a Floating Interest Payment Date), if the Issuer has determined that:

- (i) on the occasion of the next payment due under the Bonds,
 - (a) the Issuer has or will become obliged to pay additional amounts as provided in Remarks 8 "Taxation" below;
 - (b) the Issuer would not be entitled to claim a deduction in respect of any payments in respect of the Bonds in computing its taxation liabilities or the value of the deduction would be materially reduced; or
 - (c) the Issuer would not, as a result of the Bonds being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the Issuer is or would otherwise so be grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist),

as a result of any change in, or amendment to, the laws or regulations of the United Kingdom (or any authority or political subdivision therein or thereof having power to tax) (each, a "**Taxing Jurisdiction**"), including any treaty to which the relevant Taxing Jurisdiction is a party, or any change in the official application of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (ii) such consequences cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such public notice of such redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or is unable to make such deduction were a payment in respect of the Bonds then due.

Prior to any public notice of redemption pursuant to this "Method of Redemption - (3)", the Issuer shall deliver to the Fiscal Agent a certificate signed by an authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers or accountants of recognised standing

to the effect either that such a circumstance as stated in (a), (b) or (c) of this "Method of Redemption – (3)(i)" does exist or would exist as a result of such change or amendment.

The certificate and opinion delivered by the Issuer to the Fiscal Agent pursuant to this "Method of Redemption - (3)" shall be kept at the head office of the Fiscal Agent and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

The Bonds redeemed pursuant to this "Method of Redemption - (3)" will be redeemed at their principal amount together with interest accrued to, and including, the date of redemption; provided that, if the date of redemption pursuant to this "Method of Redemption - (3)" falls on a day which is not a Tokyo Business Day but on or before the Fixed-to-Floating Rate Par Redemption Date, the Bondholders shall not be entitled to payment of the amount due until the next following Tokyo Business Day and shall not be entitled to the payment of any further or additional interest or other payment in respect of such delay. However, if the date of redemption pursuant to this "Method of Redemption - (3)" falls on a day which is not a Tokyo Business Day and after the Fixed-to-Floating Rate Par Redemption Date, the date for redemption shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Floating Interest Period ending on, and including, the date as modified pursuant to this proviso.

All expenses necessary for the procedures under this "Method of Redemption - (3)" shall be borne by the Issuer.

Any redemption of the Bonds pursuant to this "Method of Redemption - (3)" will also be subject to "Method of Redemption - (5)" and "Method of Redemption - (6)".

(4) Loss Absorption Disqualification Event Redemption

If a Loss Absorption Regulations Event (as defined below) occurs on or after the Issue Date that does, or would be likely to (in the opinion of the Issuer, the PRA (as defined below) or any other relevant national or European authority), result in a Loss Absorption Disqualification Event (as defined below) in respect of the Bonds, the Issuer may, at its option, at any time, by giving notice to the Fiscal Agent and, in accordance with "Method of Public Notice" above, public notice to the Bondholders specifying the Issuer's election to redeem the Bonds and the date fixed for redemption (which notice shall be irrevocable except in the limited circumstances described in "Method of Redemption – (5)") not less than 30 nor more than 60 days prior to the redemption date, redeem the Bonds, in whole but not in part, at their principal amount together with interest accrued to, and including, the date of redemption, provided that such Loss Absorption Disqualification Event cannot be avoided by the Issuer exercising its option to cause an Events of Default Substitution (as defined in Remarks 3 "Events of Default – (B)" below), in accordance with Remarks 3 "Events of Default – (B)" below. If the date of redemption pursuant to this "Method of Redemption – (4)" falls on a day which is not a Tokyo Business Day but on or before the

Fixed-to-Floating Rate Par Redemption Date, the Bondholders shall not be entitled to payment of the amount due until the next following Tokyo Business Day and shall not be entitled to the payment of any further or additional interest or other payment in respect of such delay. However, if the date of redemption pursuant to this "Method of Redemption - (4)" falls on a day which is not a Tokyo Business Day and after the Fixed-to-Floating Rate Par Redemption Date, the date for redemption shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Floating Interest Period ending on, and including, the date as modified pursuant to this proviso.

Prior to any public notice of redemption pursuant to this "Method of Redemption - (4)", the Issuer shall deliver to the Fiscal Agent a certificate signed by an authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

The certificate delivered by the Issuer to the Fiscal Agent pursuant to this "Method of Redemption - (4)" shall be kept at the head office of the Fiscal Agent and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

All expenses necessary for the procedures under this "Method of Redemption - (4)" shall be borne by the Issuer.

Any redemption of the Bonds pursuant to this "Method of Redemption - (4)" will also be subject to the "Method of Redemption - (5)" and "Method of Redemption - (6)".

"Capital Regulations" means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity for credit institutions of either (i) the PRA and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be organised or domiciled) and applicable to the Group including, as at the Issue Date, CRD IV and related technical standards.

"CRD IV" means the legislative package consisting of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time, and the CRD IV Regulation.

"CRD IV Regulation" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

"Loss Absorption Disqualification Event" means the whole or any part of the outstanding aggregate principal amount of the Bonds at any time being excluded from or ceasing to count

towards the Issuer's and/or the Group's own funds and eligible liabilities and/or loss absorbing capacity, in each case for the purposes of, and in accordance with, the relevant Capital Regulations, provided that a Loss Absorption Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the Bonds is excluded from, or ceases to count towards, such own funds and eligible liabilities and/or loss absorbing capacity due to the remaining maturity of the Bonds being less than the period prescribed by the relevant Capital Regulations.

"Loss Absorption Regulations Event" means that (i) any Capital Regulations become effective with respect to the Issuer and/or the Group or (ii) there is an amendment to, or change in, any Capital Regulations, or any change in the official application of any Capital Regulations, which becomes effective with respect to the Issuer and/or the Group.

"PRA" means Prudential Regulation Authority of the United Kingdom or such other governmental authority in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) having primary responsibility for the prudential supervision of the Issuer.

- (5) If the Issuer has elected to redeem the Bonds but prior to the payment of the redemption amount with respect to such redemption the Relevant U.K. Resolution Authority (as defined in Remarks 1 "U.K. Bail-in Power (1)" below) exercises its U.K. Bail-in Power (as defined in Remarks 1 "U.K. Bail-in Power (1)" below) in respect of the Bonds, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, and no payment of the redemption amount will be due and payable.
- (6) Notwithstanding any other provision in this "Method of Redemption", the Issuer may redeem the Bonds (and give public notice thereof to the Bondholders) only if the Issuer has obtained the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations) for the redemption of the Bonds.

(7) **Purchase and Cancellation**

The Issuer or any of its Subsidiaries (as defined below) may at any time purchase or otherwise acquire any Bonds at any price in the open market or otherwise in accordance with the Capital Regulations applicable to the Group in force at the relevant time, and subject to the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations) and may at its option cancel or cause to be cancelled any Bond so purchased except otherwise provided in the Business Regulations.

"Subsidiary" means, in relation to any other company, a company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006 of the United Kingdom) of such other company.

- (8) Except as provided in the preceding sub-paragraphs, the Issuer may not redeem the principal of the Bonds in whole or in part prior to the maturity date thereof

Security:

The Bonds shall not be secured.

Status of the Bonds:

- (1) The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and, in the event of winding up or administration of the Issuer will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law.
- (2) Subject to applicable law, claims in respect of any Bonds may not be set-off, or be the subject of a counterclaim, by the Bondholder against or in respect of any of its obligations to the Issuer or any other person and every Bondholder waives, and shall be treated for all purposes as if it had waived, any right that it might otherwise have to set-off, or to raise by way of counterclaim any of its claims in respect of any Bonds, against or in respect of any of its obligations to the Issuer or any other person. If, notwithstanding the preceding sentence, any Bondholder receives or recovers any sum or the benefit of any sum in respect of Bonds by virtue of any such set-off or counterclaim, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

Bondholders' Meetings:

The Bondholders' Meeting for the Bonds, the provisions for which are included in the respective Conditions of Bonds, shall be separately convened and held.

- (1) The Issuer shall convene a Bondholders' meeting to consider any matters which relate to the interests of Bondholders in the event: that Bondholders holding at least one tenth (1/10) of the aggregate principal amount of the Bonds then outstanding, acting either jointly or individually, so request in writing to the Fiscal Agent at its head office; provided that such Bondholders shall have presented to the Fiscal Agent the Certificates (as defined in Remarks 3 "Events of Default" below); or that the Issuer should deem it necessary to hold a Bondholders' meeting.

A Bondholders' meeting shall be held in Tokyo, Japan.

When a Bondholders' meeting is to be convened, the Issuer shall give public notice of the convocation of the Bondholders' meeting at least 21 days prior to the date of such meeting; and ensure that the Fiscal Agent, on behalf of the Issuer, shall take the steps necessary for the convocation of the Bondholders' meeting and to expedite the proceedings thereof.

- (2) The Bondholders may exercise their vote by themselves at the relevant Bondholders' meeting, by proxy, or in writing pursuant to the rules established by the Issuer or the Fiscal Agent on behalf of the Issuer. At any Bondholders' meeting, each Bondholder shall have voting rights in proportion to the aggregate principal amount of the outstanding Bonds held by him; provided, however, that the Certificates shall have been presented to the Fiscal Agent at its head office, at least 7 days prior to the date set for such meeting and to

the Issuer or the Fiscal Agent at such meeting, on the date thereof; and, provided, further, that the Bondholder shall not make an application for book-entry transfer or an application for obliteration of the Bonds unless he returns the Certificate so issued to the Nearest Upper Institution.

- (3) Resolutions at such Bondholders' meeting shall be passed by a majority vote of the voting rights of the Bondholders present at such meeting; provided, however, that Extraordinary Resolution (as defined below) is required with respect to the following items:
- (a) a grace of payment, an exemption from liabilities resulting from a default, or settlement, to be effected with respect to all the Bonds (other than the matters provided for in (b) below);
 - (b) a procedural act to be made with respect to all the Bonds, or all acts pertaining to bankruptcy, corporate reorganisation or similar proceedings; and
 - (c) an appointment or removal of representative(s) of the Bondholder who will be authorised to make decision on matters to be resolved at a Bondholders' meeting (provided such representative(s) shall hold one-thousandth (1/1000) or more of the aggregate principal amount of the outstanding Bonds) (the "**Representative(s) of Bondholders**") or an executor who will be authorised to carry out a resolution passed (the "**Executor**"), or an alternation to any matters entrusted to them.

"Extraordinary Resolution" means a resolution passed at a Bondholders' meeting by one-fifth (1/5) or more of the votes representing the aggregate principal amount of the Bonds then outstanding and two-thirds (2/3) or more of the votes of the Bondholders present at such meeting.

For the purposes of calculating the number of votes exercised at a Bondholders' meeting, the Bondholders who have exercised their votes by proxy or in writing shall be deemed to have attended and voted at such meeting.

- (4) The resolution passed pursuant to "Bondholders' Meetings - (3)" shall be binding on all the Bondholders whether present or not at such Bondholders' meeting to the extent permitted by the applicable Japanese law, and shall be carried out by the Representative(s) of Bondholder or Executor appointed by the Bondholders at the meeting pursuant to "Bondholders' Meetings - (3)(c)".
- (5) For the purpose of this "Bondholders' Meetings", the Bonds then held by the Issuer or any of its subsidiaries shall be disregarded and deemed not to be outstanding.
- (6) All expenses necessary for the procedures under this "Bondholders' Meetings" shall be borne by the Issuer.

Governing Laws and Courts Having Jurisdiction:

The Bonds are governed by, and shall be construed in accordance with, the laws of Japan.

Except otherwise provided in the Conditions of Bonds, the place of performance of obligations pertaining to the Bonds is Tokyo, Japan.

Subject to Remarks 3 "Events of Default", any legal action or other court procedure against the Issuer arising from or relating to the Bonds or the Conditions of Bonds may be instituted in the Tokyo District Court, to the jurisdiction of which the Issuer expressly, unconditionally and irrevocably submits.

The Issuer designates the address from time to time of Barclays Bank PLC, Tokyo branch, currently at 10-1, Roppongi 6-chome, Minato-ku, Tokyo 106-6131, Japan as the address for the purpose of accepting service of process and other court documents in Japan in connection with any such legal action or other court procedure arising from or relating to the Bonds or the Conditions of Bonds that may be instituted in Japan from time to time and appoints the Branch Manager of Barclays Bank PLC, Tokyo branch, as its authorised agent to accept such service of process.

The Issuer agrees to take, from time to time and so long as any of the Bonds shall remain outstanding, any and all action (including the execution and filing of any and all documents and instruments) that may be necessary to effect and to continue such appointment and designation in full force and effect. If at any time such agent shall not, for any reason, serve as such authorised agent, the Issuer shall immediately appoint, and it undertakes to take any and all action that may be necessary to effect the appointment of, a successor authorised agent in Tokyo, Japan. The Issuer shall notify the Fiscal Agent of the appointment of such successor agent and give a public notice thereof to the Bondholders.

Nothing in this "Governing Laws and Courts Having Jurisdiction" shall affect the right of the Bondholders to institute legal action against the Issuer in any court of competent jurisdiction under applicable laws or to serve process in any manner otherwise permitted by law.

Remarks:

1 U.K. Bail-in Power:

- (1) Notwithstanding any other agreements, arrangements, or understandings between the Issuer and any Bondholder, by its acquisition of the Bonds, each Bondholder acknowledges, accepts, agrees to be bound by, and consents to the exercise of, any U.K. Bail-in Power (as defined below) by the Relevant U.K. Resolution Authority (as defined below) that may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Bonds; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the Bonds into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the Bondholders of such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity of the Bonds, or amendment of the amount of interest due on the Bonds, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the Bonds solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. Each Bondholder further acknowledges and agrees that the rights of Bondholders are subject to, and will be varied,

if necessary, solely to give effect to, the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority. For the avoidance of doubt, this consent and acknowledgment is not a waiver of any rights the Bondholders may have at law if and to the extent that any U.K. Bail-in Power is exercised by the Relevant U.K. Resolution Authority in breach of laws applicable in England.

For the purposes of the Conditions of Bonds, "**U.K. Bail-in Power**" is any write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to the Issuer or other members of the Group (as defined below), including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any applicable European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a U.K. resolution regime under the U.K. Banking Act 2009, as amended, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person (and a reference to the "**Relevant U.K. Resolution Authority**" is to any authority with the ability to exercise a U.K. Bail-in Power, and a reference to the "**Group**" refers to Barclays PLC (or any successor entity) and its consolidated subsidiaries).

No repayment of the principal amount of the Bonds or payment of interest on the Bonds shall become due and payable after the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority unless such repayment or payment would be permitted to be made by the Issuer under the laws and regulations of the United Kingdom and the European Union applicable to the Issuer.

- (2) Upon the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to Bonds, the Issuer shall notify the Fiscal Agent or cause the Fiscal Agent to be notified, in writing as soon as practicable thereafter. The Fiscal Agent shall give a public notice to the Bondholders on behalf of the Issuer as soon as practicable in accordance with "Method of Public Notice" above of the U.K. Bail-in Power being exercised. Notwithstanding any delay or failure by the Issuer in delivering any of the notices referred to in this Remarks 1 "U.K. Bail-in Power - (2) ", such delay or failure shall not affect the validity and enforceability of the U.K. Bail-in Power.
- (3) The exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the Bonds will not be an Event of Default (as defined in Remarks 3 "Events of Default - (A)" below) or a Restrictive Event of Default (as defined in Remarks 3 "Events of Default - (C)(5)) with respect to such Bonds.
- (4) By its acquisition of the Bonds, each Bondholder shall be deemed to have (a) consented to the exercise of any U.K. Bail-in Power as it may be imposed without any prior notice by the

Relevant U.K. Resolution Authority of its decision to exercise such power with respect to such Bonds and (b) authorised, directed and requested the relevant securities firm, financial institution or other intermediary through which it holds such Bonds to take any and all necessary action, if required, to implement the exercise of any U.K. Bail-in Power with respect to such Bonds as it may be imposed, without any further action or direction on the part of such Bondholder.

- (5) The Bondholders that acquire the Bonds in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to the same provisions specified in the Conditions of Bonds to the same extent as the Bondholders that acquire the Bonds upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Bonds, including in relation to the U.K. Bail-in Power.
- (6) All expenses necessary for the procedures under this Remarks 1 "U.K. Bail-in Power", including, but not limited to, those incurred by the Issuer and the Fiscal Agent shall be borne by the Issuer.
- (7) For the avoidance of doubt, references to Bondholder(s) in this Remarks 1 "U.K. Bail-in Power" include beneficial owner(s) of the Bonds.

2 Credit Ratings

- (1) Credit ratings assigned by Credit Rating Firms

With respect to the Bonds, the Issuer has requested Rating and Investment Information, Inc., (registration number: Commissioner of Financial Services Agency (kakuzuke) No. 6) ("**R&I**"), a credit rating firm ("**Credit Rating Firm**") registered under Article 66-27 of the Financial Instruments and Exchange Act, to assign credit rating to the Bonds, and expects to be able to obtain such rating after the determination of the final terms of the Bonds.

The Issuer has an issuer rating of A- (published as of 27 July 2018) from R&I.

R&I's Credit ratings are R&I's opinions on an issuer's general capacity to fulfil its financial obligations and the certainty of the fulfilment of its individual obligations as promised (creditworthiness). R&I does not state its opinions about any risks other than credit risk, such as liquidity risk, market value risk and price volatility risk of individual obligations. R&I's Credit ratings are in any way not statements of facts of the past, present and future. Furthermore, R&I makes no warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose, or any other matter of credit ratings or other opinions it provides.

R&I takes measures to ensure the quality of information used in determining credit ratings, but does not undertake any independent verification of the accuracy or other aspects of the information. R&I may change a credit rating when it deems necessary. R&I may suspend or withdraw a credit rating at its discretion due to insufficient data or information, or any other changes in circumstances.

Links to information published by R&I during the Period of Subscription of the Bonds are listed on the website of R&I (<https://www.r-i.co.jp/rating/index.html>) at "Rating Actions & Comments" and, "Find a Report" page which appears after clicking "more..." at the lower right corner of the section. Please note that the information may not be available due to system failure or any other circumstances. The contact number in that case is as follows.

R&I telephone number: 03-6273-7471

(2) Credit ratings of the Bonds assigned by Unregistered Credit Rating Firms

With respect to the Bonds, the Issuer has requested Moody's Investors Service Ltd. ("**Moody's**"), S&P Global Ratings (acting through the S&P Global Ratings Europe Limited, UK Branch) ("**S&P**"), and Fitch Ratings Limited ("**Fitch**") (all of them are not registered as a Credit Rating Firm (these three rating firms are hereinafter referred to as the "Unregistered Credit Rating Firm(s)")) to assign credit ratings to the Bonds, and expects to be able to obtain such ratings after the determination of the final terms of the Bonds.

The Issuer has a long term rating of Baa3 from Moody's (affirmed as of 4 April 2018), an issuer credit rating (senior long term) of BBB from S&P (affirmed as of 13 June 2018) and a long-term issuer default rating of A from Fitch (affirmed as of 21 June 2018), respectively.

(Note)

Unregistered Credit Rating Firms are not subject to any supervision of the Financial Services Agency or to regulations applicable to Credit Rating Firms, including obligations to disclose information, and are not obligated to publicize information regarding matters listed in Article 313, Paragraph 3, Item 3 of the Cabinet Office Ordinance on Financial Instruments Business, etc. (the "Cabinet Office Ordinance").

Moody's, S&P and Fitch have had Moody's Japan K.K. (registration number: Commissioner of Financial Services Agency (kakuzuke) No. 2), S&P Global Ratings Japan Inc. (registration number: Commissioner of Financial Services Agency (kakuzuke) No. 5) and Fitch Ratings Japan Limited (registration number: Commissioner of Financial Services Agency (kakuzuke) No. 7) within their respective groups as Credit Rating Firm, and Moody's, S&P and Fitch are specified affiliated corporations (as defined in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance) of the respective Credit Rating Firms above. The assumptions, significance and limitations of the credit ratings given by Moody's, S&P and Fitch are made available on the respective websites of (i) Moody's Japan K.K., at "Assumptions, Significance and Limitations of Credit Ratings" posted under "Related to Explanations of Unregistered Credit Ratings" in the title of "Use of Ratings by Unregistered Firm" on the page of "Credit Rating Business" on Moody's website in the Japanese language (https://www.moody.com/pages/default_ja.aspx), (ii) S&P Global Ratings Japan Inc. (https://www.standardandpoors.com/ja_JP/web/guest/home), at "Assumptions, Significance and Limitations of Credit Ratings" posted under "Information on Unregistered Ratings" (<http://www.standardandpoors.co.jp/unregistered>) in the column titled "Library

and Related to Regulation" on the website and (iii) Fitch Ratings Japan Limited (<https://www.fitchratings.com/site/japan>), at "Assumptions, Significance and Limitations of Credit Ratings" posted under the section titled "Regulatory Affairs" in the column entitled "About Credit Rating Business of Fitch" on that page, respectively, all of which are made available for the public on the Internet

3 Events of Default

(A) Non-restrictive Events of Default

Any Bondholder may give written notice (such notice to be accompanied by the Certificate) to the Issuer at the head office of the Fiscal Agent that the principal of the Bonds held by such Bondholder and the interest accrued thereon shall become due and repayable immediately and such Bonds shall thereby become so due and repayable, in the event (each an "**Event of Default**") that:

- (i) *Non-payment*: any principal of or interest on the Bonds has not been paid within 14 days from the due date for payment. The Issuer shall not, however, be in default if such sums ("**Withheld Amounts**") were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 day period by independent legal advisers of recognised standing; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Fiscal Agency Agreement (other than as stated in Remarks 3 "Events of Default - (A) - (i)") that is materially prejudicial to the interest of the Bondholders and that breach has not been remedied within 21 days after the Issuer has received notice(s) requiring the same to be remedied from the Bondholders of at least one tenth (1/10) in aggregate principal amount of the Bonds then outstanding; provided that such notice shall be accompanied by the Certificate; or
- (iii) *Winding-up etc.*: a Winding-up Event (as defined below) occurs.

For the purpose of this Remarks 3 "Events of Default - (A)", the Bonds then held by the Issuer or any of its Subsidiaries shall be disregarded and deemed not to be outstanding.

All expenses necessary for the procedures under this Remarks 3 "Events of Default - (A)" shall be borne by the Issuer.

If an Event of Default with respect to the Bonds, or an event which, with the passing of time or the giving of the notice, or both, would be an Event of Default, shall occur and be continuing, the Issuer shall no later than the following Tokyo Business Day after it becomes aware thereof notify the Fiscal Agent in writing, and give public notice to the Bondholders as soon as practicable in accordance with "Method of Public Notice" above, of such Event of Default or event.

"Certificate" means a certificate certifying holding of the relevant Bonds and issued by the Nearest Upper Institution (as defined below) under the Book-Entry Transfer Law and the Business Regulations.

"Nearest Upper Institution" means JASDEC or the relevant Account Management Institution (as defined in Remarks 4 "Payment of Principal and Interest" below).

"Winding-up Event" with respect to the Bonds shall result if (i) a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer may be organised) makes an order for its winding-up which is not successfully appealed within 30 days of the making of such order, (ii) the Issuer's shareholders adopt an effective resolution for its winding-up (other than, in the case of either (i) or (ii) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (iii) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend.

(B) Events of Default Substitution

If the inclusion of any of the Events of Default described in Remarks 3 "Events of Default - (A) Non-restrictive Events of Default" above in the Conditions of Bonds, does, or would be likely to (in the opinion of the Issuer, the PRA or any other relevant national or European authority), result in a Loss Absorption Disqualification Event following a Loss Absorption Regulations Event that occurs on or after the Issue Date, then the Issuer may, at its option, without the need for the Issuer to obtain any consent from any Bondholder, determine that Remarks 3 "Events of Default - (C)" shall apply to the Bonds at all times thereafter instead of Remarks 3 "Events of Default - (A)" (such replacement, an **"Events of Default Substitution"**); provided that the Issuer gives prior notice to the Fiscal Agent and, in accordance with "Method of Public Notice" above, public notice to the Bondholders specifying the Issuer's election to apply Remarks 3 "Events of Default - (C)" and the effective date of such application (**"Effective Date"**). As of the Effective Date, Remarks 3 "Events of Default - (A)" (except for the definitions of terms defined in Remarks 3 "Events of Default - (A)") shall cease to apply and Remarks 3 "Events of Default - (C)" shall have effect.

Prior to giving the notice under this Remarks 3 "Events of Default - (B)", the Issuer shall deliver to the Fiscal Agent a certificate signed by an authorised signatory of the Issuer stating that the Issuer is entitled to elect to cause an Events of Default Substitution. The certificate delivered by the Issuer to the Fiscal Agent pursuant to this Remarks 3 "Events of Default - (B)" shall be kept at the head office of the Fiscal Agent and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor. Such officer's certificate shall be treated by the Issuer, the Bondholders and all other interested parties as correct, conclusive and sufficient evidence thereof.

(C) Restrictive Events of Default

If this Remarks 3 "Events of Default - (C)" has effect in relation to the Bonds pursuant to an Events of Default Substitution in accordance with Remarks 3 "Events of Default - (B)" above, then the following applies.

(1) Winding-up

If a Winding-up Event occurs, any Bondholder may give written notice (such notice to be accompanied by the Certificate) to the Issuer at the head office of the Fiscal Agent that the principal of the Bonds held by such Bondholder and the interest accrued thereon shall become due and repayable immediately and such Bonds shall thereby become so due and repayable.

(2) Non-payment

If any principal of or interest on the Bonds has not been paid within 14 days from the due date for payment (unless the Withheld Amounts were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction, and where there is doubt as to the validity or applicability of any such law, regulation or order, if the Issuer acts on the advice given to it during such 14 day period by independent legal advisers of recognised standing) (a "**Non-Payment Event**"), any Bondholder may at its discretion and without further notice to the Issuer institute proceedings in a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for its winding-up and/or prove in its winding-up and/or claim in its liquidation or administration.

(3) Limited remedies for breach of obligations (other than non-payment)

In addition to the remedies for non-payment provided above, the Bondholders of at least one tenth (1/10) in aggregate principal amount of the Bonds then outstanding may, without further notice, institute such proceedings against the Issuer as they may deem fit to enforce any term, obligation or condition binding on the Issuer under the Bonds (other than any payment obligation of the Issuer under or arising from the Bonds, including, without limitation, payment of any principal or interest) (such obligation, a "**Performance Obligation**"); provided always that such Bondholders may not enforce, and may not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a "**Monetary Judgment**"), except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in its administration.

(4) No other remedies

Other than the limited remedies specified under this Remarks 3 "Events of Default - (C)", following an Events of Default Substitution no remedy against the Issuer (including any right of set-off) will be available to the Bondholders whether for the recovery of amounts owing in respect of such Bonds or in respect of any breach by the Issuer of any of its obligations under or in respect of the Conditions of Bonds.

(5) Interpretation following an Events of Default Substitution

A "**Restrictive Event of Default**" shall occur (i) upon the occurrence of a Winding-Up Event, (ii) upon the occurrence of a Non-Payment Event or (iii) upon a breach by the Issuer of a Performance Obligation with respect to the Bonds.

For the purpose of this Remarks 3 "Events of Default - (C)", the Bonds then held by the Issuer or any of its Subsidiaries shall be disregarded and deemed not to be outstanding.

All expenses necessary for the procedures under this Remarks 3 "Events of Default - (C)" shall be borne by the Issuer.

If a Restrictive Event of Default with respect to the Bonds, or an event which, with the passing of time or the giving of the notice, or both, would be a Restrictive Event of Default, shall occur and be continuing, the Issuer shall no later than the following Tokyo Business Day after it becomes aware thereof notify the Fiscal Agent in writing, and give public notice to the Bondholders as soon as practicable in accordance with "Method of Public Notice" above, of such Restrictive Event of Default or event.

4 **Payment of Principal and Interest**

- (1) Payment of principal and interest of a Bond shall be made by the Fiscal Agent acting as the paying agent to the Bondholders, directly in the case when such Bondholders are the JASDEC Participants, and in other cases through the relevant account management institution (*kouza kanri kikan*) (the "**Account Management Institution**") with which such Bondholders have opened their accounts to have the Bonds recorded etc. in accordance with the Book-Entry Transfer Law and the Business Regulations. At the time when the Fiscal Agent acting as the paying agent allocates the necessary funds for the payment of principal of or interest on the Bonds received by it from the Issuer among the relevant JASDEC Participants and such amount of principal or interest is recorded under the relevant JASDEC Participants' accounts, the Issuer shall be released from its obligation in respect of such payment of principal of or interest on the Bonds.
- (2) If the full amount of principal of or interest on the Bonds payable on any due date is received by the Fiscal Agent acting as the paying agent after such due date, the Fiscal Agent shall, in accordance with "Method of Public Notice" above, give public notice to the Bondholders of receipt of such amount, payment method and actual payment date as soon as practicable but not later than 14 days after receipt of such amount by it. If at the time of such receipt, either the method or the date of such payment or both are not determinable, the Fiscal Agent shall give public notice of such receipt and of the method and/or date of such payment to the extent the same has been determined, and give at a later date public notice to the Bondholders of the method and/or the date of such payment promptly upon determination thereof. All expenses incurred in connection with the said public notice shall be borne by the Issuer.

5 **Prescription**

The period of extinctive prescription shall be 10 years for the principal of the Bonds and 5 years for the interest on the Bonds from the Relevant Date in respect thereof.

"Relevant Date" means the date on which such payment first becomes due (or, in the case of any amount not paid in the circumstances set out in Remarks 3 "Events of Default - (A)" above, the date on which the relevant Withheld Amount falls due for payment) but if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date, it means the date on which the full amount of such money has been so received and public notice to that effect shall have been duly given to the relevant Bondholders in accordance with "Method of Public Notice" above.

6 Registration Book

The registration book for the Bonds shall be prepared and administered by the Fiscal Agent on behalf of the Issuer, and kept at its head office.

7 Currency Indemnity

In the event of a judgment or order being rendered by any court for the payment of the principal of or interest on the Bonds, and such judgment or order being expressed in a currency other than Japanese yen, any amount received or recovered in such currency by any Bondholder in respect of such judgment or order shall only constitute a discharge to the Issuer to the extent of the amount received or recovered by such Bondholder in Japanese yen and the Issuer undertakes to pay to such Bondholder the amount necessary to make up any deficiency arising or resulting from any variation in rates of exchange between (a) the date as of which any amount expressed in Japanese yen is (or is to be treated as) converted into such currency other than Japanese yen for the purposes of any such judgment or order, and (b) the date or dates of discharge of such judgment or order (or part thereof). To the extent permitted by any applicable law and subject to Remarks 3 "Events of Default", the above undertaking shall constitute a separate and independent obligation of the Issuer from its other obligations, shall give rise to a separate and independent cause of action against the Issuer, shall apply irrespective of any indulgence granted by any Bondholder from time to time and shall continue in full force and effect notwithstanding any judgment or order.

8 Taxation

All payments of principal and interest in respect of the Bonds by the Issuer will be made free and clear of, and without withholding of or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of a Taxing Jurisdiction unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In such event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Bondholders or, as the case may be, the pledgees in respect of the Bonds after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no such additional amounts shall be

payable to a Bondholder or, as the case may be, a pledgee in respect of the Bonds who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom other than the mere holding of such Bond.

All references in the "1. Offering of the Bonds (other than short-term notes)" to the principal of or interest on the Bonds shall be deemed also to refer to any additional amount in respect thereof which may be payable under this Remarks 8 "Taxation".

For the avoidance of doubt, any amounts to be paid by the Issuer on the Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a "**FATCA Withholding Tax**"), and the Issuer will not be required to pay such additional amounts on account of any FATCA Withholding Tax.

9 Modification and Amendments

Certain modifications and amendments to the Conditions of Bonds and the Fiscal Agency Agreement may be made without the consent of any Bondholder, only for the purpose of curing any ambiguity, or of correcting or supplementing any defective provisions contained therein, adding covenants for the benefit of the Bondholders, surrendering rights or powers conferred on the Issuer, effecting succession or assumption as a result of a merger or similar transaction, or in any other manner which the Issuer may deem necessary and desirable and which will not materially adversely affect the interest of the Bondholders or the Fiscal Agent. Any such modifications or amendments shall be notified to the Bondholders and Fiscal Agent at the expense of the Issuer and in accordance with "Method of Public Notice" above as soon as practicable thereafter.

10 Japanese Taxation

Any interest on the Bonds, any amount which a Bondholder may receive upon redemption of his Bond in excess of the issue price of such Bond (the "**Issue Differential**") and gains derived from the sale of the Bonds received by residents of Japan and Japanese corporations will be generally subject to Japanese taxation in accordance with existing Japanese tax laws and regulations.

Interest on the Bonds, Issue Differentials and gains derived from the sale of the Bonds received by non-residents of Japan or non-Japanese corporations having no permanent establishment within Japan will not, as a rule, be subject to Japanese taxation. Interest on the Bonds, Issue Differentials and gains derived from the sale of the Bonds received by non-residents of Japan and non-Japanese corporations having a permanent establishment within Japan may be subject to Japanese taxation; applicable tax treaty provisions may further restrict or eliminate this tax liability for such non-residents and non-Japanese corporations.

11 United Kingdom Tax Treatment

The following is a summary of the United Kingdom ("UK") withholding taxation treatment at 10 September 2018 (London time) in relation to payments of principal and interest in respect of the Bonds. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other UK tax aspects of acquiring, holding or disposing of the Bonds. The comments relate only to the position of persons who are absolute beneficial owners of the Bonds. Prospective holders should be aware that the particular terms of issue of any series of the Bonds may affect the tax treatment of that and other series of the Bonds. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and does not purport to describe all the tax considerations that may be relevant to a prospective purchaser. The Bondholders should consult their professional advisers. The Bondholders who may be liable to taxation in jurisdictions other than UK in respect of their acquisition, holding or disposal of the Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain UK taxation aspects of payments in respect of the Bonds. In particular, the Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of UK.

UK Withholding Tax on UK Source Interest

Interest on the Bonds which has a UK source ("**UK interest**") may be paid without withholding or deduction for or on account of UK income tax in respect of that U.K. interest if the Bonds carry a right to interest and are and continue to be "listed on a recognised stock exchange", so that such Bonds will constitute "quoted Eurobonds". The Bonds will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on a recognised stock exchange (for the purposes of section 1005 of the Income Tax Act 2007) or admitted to trading on a "multilateral trading facility" (for the purposes of section 987 of the Income Tax Act 2007).

The Issuer's understanding is that the International Securities Market of the London Stock Exchange is a multilateral trading facility for the purposes of section 987 of the Income Tax Act 2007.

In all other cases, UK interest on the Bonds may fall to be paid under deduction of UK income tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However this withholding will not apply if the relevant interest is paid on the Bonds other than certificates of deposit with a maturity of less than one year from the date of issue

and which are not issued under arrangements the effect of which is to render such Bonds part of a borrowing with a total term of a year or more.

Other Rules Relating to UK Withholding Tax

Where interest has been paid under deduction of UK income tax, holders who are not resident in UK may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" in this Remarks 11 "United Kingdom Tax Treatment" mean "interest" as understood in UK tax law. The statements in this Remarks 11 "United Kingdom Tax Treatment" do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Bonds or any related documentation. Where a payment on a Bond does not constitute (or is not treated as) interest for UK tax purposes and the payment has a UK source, it may be subject to UK withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for UK tax purposes (which will be determined by, amongst other things, the terms and conditions of the Bonds). In such a case, the payment may fall to be made under deduction of UK tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The above description of UK withholding tax position assumes that there will be no substitution of the Issuer of the Bonds and does not consider the tax consequences of any such substitution.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transactions Tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Debt, Instruments (including secondary market transactions) in certain circumstances. The issuance and subscription of Debt Instruments should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Debt Instruments where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range

of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Debt Instruments are advised to seek their own professional advice in relation to the FTT.

2. Use of Proceeds of the Issuance of the Bonds

(1) Amount of Proceeds of the Issuance of the Bonds

Total Amount of Subscription Payment	Estimated Amount of Issue Expenses	Net Amount of Proceeds
Undetermined (Note)	Undetermined (Note)	Undetermined (Note)

(Note) These figures will be determined in mid-September 2018.

(2) Use of Proceeds

The net proceeds of the issue will be used for general corporate purposes of the Issuer and its subsidiaries and/or the Group during 2018 and 2019 and may be used to strengthen further the capital base of the Issuer and its subsidiaries and/or the Group.

II. BASIC MATTERS PERTAINING TO THE BONDS TO BE OFFERED FOR SALE

Not applicable.

III. REMARKS FOR THIRD-PARTY ALLOTMENT

Not applicable.

IV. Special Matters regarding Offer for Subscription or Offer for Sale

1 Risk Factors relating to the Offering of the Bonds

An investment in the Bonds entails certain risks. Each investor should consider the following risk factors, together with the information contained in "**PART II. REFERENCE INFORMATION**" (including all attachments thereto and all documents incorporated therein by reference) and publicly available information relating to the Issuer and its subsidiaries, prior to making any investment decision with respect to the Bonds. Each of the risks highlighted below could have a material adverse effect on the Issuer's business,

operations, financial condition or prospects, which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Bonds. In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under the Bonds and, as a result, investors could lose some or all of their investment. Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has described only those risks relating to its operations that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.

Risk Factors relating to the Issuer

For risks relating to the Issuer and the Group and their impact, see the section entitled "**PART III. "PART I. CORPORATE INFORMATION – III. STATEMENT OF BUSINESS – 4. Risks in Business, etc."**)" of the Supplementary Document (1) to Issuer's Foreign Company Annual Securities Report and the 2017 Annual Report filed with the Director General of the Kanto Local Finance Bureau on 27 April 2018 as amended on 4 September 2018.

Risks relating to the Bonds

There is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee

Subject to complying with applicable regulatory requirements in respect of the Group's leverage and capital ratios, there is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee, as the case may be, that rank senior to, or *pari passu* with, the Bonds. The issue or guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by holders of the Bonds on a liquidation or winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Bonds. In addition, the Bonds do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Bonds or securities with similar or different provisions to those described herein.

Interest Rate

The Bonds will initially bear interest at a fixed interest rate for the period from, and not including the Issue Date to, and including the relevant Fixed-to-Floating Rate Par Redemption Date as described in "1-1- "Method of Payment of Interest - (2)"" above. Therefore, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. After the relevant Fixed-to-Floating Par Redemption Date, such Bonds will bear interest at the relevant LIBOR rate plus the relevant Margin (subject to the Conditions of Bonds). The subsequent interest rate could be less than the initial rate of interest or the subsequent interest rate for any prior period and could affect the market value of an investment in the Bonds.

In addition, the rate of interest on the Bonds could be affected by the following risks relating to benchmarks.

The London Interbank Offered Rate ("**LIBOR**") and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. Regulation (EU) 2016/1011 (the "**Benchmark Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and has applied from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since 30 June 2016). The Benchmark Regulation could have a material impact on the Bonds which are linked to LIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the EU member state where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete. As an example of such benchmark reforms, on 27 July 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021 and that planning a transition to alternative reference rates that are based firmly on transactions, such as reformed SONIA (the Sterling Over Night Index Average), must begin.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions of Bonds for the Bonds (as further described in "1-1- "Method of Payment of Interest - (2)"" above), or result in adverse consequences to holders of the Bonds. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the Bonds, the return on the Bonds and the trading market for the Bonds.

The Conditions of Bonds set out above provide for certain fallback arrangements in the event that LIBOR (including any page on which such benchmark may be published (or any

successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular interest period may result in the rate of interest for the last preceding interest period being used. This may result in the effective application of a fixed rate for the Bonds (even after the fixed rate interest period). In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on the Bonds. Moreover, any of the above matters or any other significant change to the setting or existence of the reference rate could affect the ability of the Issuer to meet its obligations under the Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Bonds. Investors should consider these matters when making their investment decision with respect to the Bonds.

There may not be any active trading market for the Bonds

The Bonds will be a new issue of Bonds which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application is expected to be made for the Bonds to be admitted to trading on the International Securities Market of the London Stock Exchange, there can be no assurance that such application will be accepted, that the Bonds will be so admitted, or that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Bonds.

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for debt securities issued by the Issuer is influenced by economic, political and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates. If the secondary market for the Bonds is limited, there may be few buyers and this may reduce the relevant market price of the Bonds. There can be no assurance that events in the United Kingdom or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Bonds or that economic and market conditions will not have any other adverse effect on the Bonds.

The Bonds may be redeemed prior to maturity

The Issuer may, at its option, redeem the Bonds upon the occurrence of certain events related to taxation on the terms described in "1-1- "Method of Redemption - (3)"" above. The Issuer may also redeem the Bonds on the occurrence of certain regulatory events relating to certain

minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments on the terms described in "1-1- "Method of Redemption - (4)"" above, provided that the consequences of such regulatory events cannot be avoided by the Issuer exercising its option to cause an Events of Default Substitution (as defined below). In addition, the Issuer may, at its option, redeem the Bonds on the relevant Fixed-to-Floating Rate Par Redemption Date.

If the Issuer redeems the Bonds, Bondholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield. In addition, any early redemption of the Bonds is subject to, among other things, receipt of the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations), regardless of whether such redemption would be favourable or unfavourable to Bondholders. Furthermore, Bondholders do not have the right to require the Issuer to redeem the Bonds.

The events of default relating to the Bonds may be substituted with events of default with more limited remedies in connection with a Loss Absorption Disqualification Event

In connection with a Loss Absorption Disqualification Event, following a Loss Absorption Regulations Event, the Issuer may, at its option, choose to permanently replace the events of default of the Bonds with events of default with more restrictive remedies, as further set out in "1-1- "Events of Default – (C) Restrictive Events of Default"" (an "**Events of Default Substitution**") above. Following an Events of Default Substitution, payment of principal and accrued but unpaid interest on the Bonds shall be accelerated only in the event of a winding-up or administration involving the Issuer that constitutes a Winding-up Event (as defined in "1-1- "Events of Default – (A) Non-Restrictive Events of Default"" above, there is no right of acceleration in the case of non-payment of principal or interest on the Bonds or of the Issuer's failure to perform any of its obligations under or in respect of the Bonds and the remedies under the Bonds will be more limited than those typically available to the Issuer's other unsubordinated creditors (and are as set out in "1-1- "Events of Default – (C) Restrictive Events of Default"" above).

Other than in the circumstances when a Loss Absorption Disqualification Event can be remedied by the Issuer exercising its option to cause an Events of Default Substitution, the Issuer's ability under the Conditions to, at its option, exercise an Events of Default Substitution does not affect the Issuer's right to redeem the Bonds as described in "1-1- "Method of Redemption - (4)"" above.

Waiver of set-off

The holders of the Bonds waive any right of set-off in relation to the Bonds insofar as permitted by applicable law. Therefore, holders of the Bonds will not be entitled (subject to applicable law) to set-off the Issuer's obligations under such Bonds against obligations owed by them to the Issuer.

The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries (including those of Barclays Bank PLC (the "Bank"), Barclays Bank UK PLC ("BBUKPLC"), the group service company or any other present or future subsidiary), upon the liquidation of such subsidiaries and the extent to which the Issuer suffers losses if it or any of its subsidiaries are subject to bank resolution proceedings, may depend, amongst other things upon the degree to which the Issuer's loans to, and investments in, such subsidiaries are subordinated

The Issuer is a holding company that currently has no significant assets other than its loans to, and investments in, Group subsidiaries such as the Bank, BBUKPLC, the group service company, the U.S. intermediate holding company (being a subsidiary of the Bank) and any other present or future subsidiary, which means that if any such subsidiary is liquidated, the Issuer's right to participate in the assets of such subsidiary will depend upon the ranking of the Issuer's claims against such subsidiary according to the ordinary hierarchy of claims in insolvency. So, for example, insofar as the Issuer is a holder of ordinary shares in a Group subsidiary, the Issuer's recovery in the liquidation of such subsidiary will be subject to the prior claims of such subsidiary's third party creditors and preference shareholders (if any). To the extent the Issuer holds other claims against any Group subsidiary that are recognised to rank *pari passu* with any third party creditors' or preference shareholders' claims, such claims of the Issuer should in liquidation be treated *pari passu* with those third party claims.

As well as the risk of losses in the event of a Group subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in, such subsidiary are subject to write-down and conversion powers on a contractual or statutory basis or if the subsidiary is otherwise subject to resolution proceedings. See "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the Bonds*" below. The Issuer has in the past made, and may continue to make, loans to, and investments in, the Bank and BBUKPLC, and it may in the future make loans to any other Group subsidiary, with the proceeds received from the Issuer's issuance of debt instruments. Such loans to, and investments in, such subsidiary by the Issuer have, historically, had a legal ranking in the insolvency of such subsidiary that corresponds to the legal ranking of such debt instruments of the Issuer in the insolvency of the Issuer. However, the Issuer retains the discretion to manage the nature of its internal investment in subsidiaries according to its regulatory and business needs. Where securities issued by the Issuer have been structured so as to qualify as capital instruments under CRD IV (as defined in the Conditions of Bonds), the terms of the corresponding on-loan to, or investment in, the relevant Group subsidiary may be structured to achieve equivalent regulatory capital treatment for such subsidiary. Accordingly, certain loans to, and investments made by the Issuer in such subsidiary, contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or such subsidiary would automatically result in a write-down or conversion into equity of such loans and investments.

The Issuer retains its absolute discretion to restructure such loans to, and any other investments in, any of its Group subsidiaries, including the Bank and BBUKPLC, at any time and for any purpose including, without limitation, in order to provide different amounts

or types of capital or funding to such subsidiary, as part of wider changes made to the Group's corporate structure for the purposes of structural reform, or otherwise as part of meeting regulatory requirements, such as the implementation of the minimum requirement for own funds and eligible liabilities (MREL) or the total loss absorbing capacity (TLAC) in respect of the relevant subsidiaries. A restructuring of a loan or investment made by the Issuer in a Group subsidiary could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group subsidiary, and the inclusion of a mechanism that provides for an automatic write-down and/or conversion into equity upon specified triggers. Any restructuring of the Issuer's loans to, and investments in, the Group subsidiaries may be implemented by the Issuer without prior notification to, or consent of, the holders of the Bonds. In October 2017, the Bank of England published a consultation on "internal MREL" and, following that, a revised statement of policy (updating the one adopted in November 2016) was published in June 2018. Accordingly, during the course of 2018 the Issuer expects to restructure certain investments in subsidiaries to the extent required to achieve compliance with internal MREL requirements.

The regulatory capital treatment, and otherwise the ranking in the ordinary insolvency hierarchy, of the Issuer's claims against a Group subsidiary will affect the extent to which the Issuer is exposed to losses if such subsidiary enters into resolution proceedings or is subject to mandatory write-down or conversion of its capital instruments. In particular, the Banking Act 2009, as amended (the "**Banking Act**") specifies that the resolution powers should be applied in a manner such that losses are transferred to shareholders and creditors in an order which reflects the hierarchy of issued instruments under CRD IV and which otherwise respects the hierarchy of claims in an ordinary insolvency, as described above. In general terms, the more junior in the capital structure the investments in, and loans made to, any Group subsidiary are, relative to third party investors, the greater the losses likely to be suffered by the Issuer in the event that any Group subsidiary enters into resolution proceedings or is subject to mandatory write down or conversion of its capital instruments.

As a result of the structural subordination of securities issued by the Issuer described above, if any Group subsidiary were to be wound up, liquidated or dissolved, (i) the holders of the Bonds would have no right to proceed against the assets of such subsidiary, and (ii) the liquidator of such subsidiary would first apply the assets of such subsidiary to settle the claims of the creditors (and holders of preference shares or other tier 1 capital instruments ranking ahead of any such entity's ordinary shares) of such subsidiary (such creditors and holders of preference shares may include the Issuer) ranking ahead of the holders of ordinary shares of such subsidiary. Similarly, if any of the Group subsidiaries were subject to resolution proceedings (i) the holders of the Bonds would have no direct recourse against such subsidiary, and (ii) the holders of the Bonds themselves may also be exposed to losses pursuant to the exercise by the relevant resolution authority of the stabilisation powers – see "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the Bonds*" below.

Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the Bonds

The majority of the requirements of the European Union directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms of 15 May 2014, as amended ("**BRRD**") (including the bail-in tool) were implemented in the U.K. by way of amendments to the Banking Act. For more information on the bail-in tool, see "*The Relevant U.K. Resolution Authority may exercise the bail-in tool in respect of the Issuer and the Bonds, which may result in holders of the Bonds losing some or all of their investment*" and "*Under the terms of the Bonds, holders of the Bonds have agreed to be bound by the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority*" below.

On 23 November 2016, the European Commission published, among other proposals, proposals to amend the BRRD. The majority of these proposals are in draft form and are still subject to the EU legislative process and national implementation. Therefore, it is unclear what the effect of such proposals may be on the Group, the Issuer or the Bonds. See "*Changes in law may adversely affect the rights of Bondholders*".

The Banking Act confers substantial powers on a number of U.K. authorities designed to enable them to take a range of actions in relation to U.K. banks or investment firms and certain of their affiliates (currently including the Issuer) in the event a bank or investment firm in the same group is considered to be failing or likely to fail. The exercise of any of these actions in relation to the Issuer could materially adversely affect the value of the Bonds.

Under the Banking Act, substantial powers are granted to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the PRA, the FCA and HM Treasury, as appropriate as part of a special resolution regime (the "**SRR**"). These powers enable the Relevant U.K. Resolution Authority to implement resolution measures with respect to a U.K. bank or investment firm and certain of its affiliates (currently including the Issuer) (each a "**relevant entity**") in circumstances in which the Relevant U.K. Resolution Authority is satisfied that the resolution conditions are met. Such conditions include that a U.K. bank or investment firm is failing or is likely to fail to satisfy the Financial Services and Markets Act 2000, as amended (the "**FSMA**") threshold conditions for authorisation to carry on certain regulated activities (within the meaning of section 55B of the FSMA) or, in the case of a U.K. banking group company that is an EEA or third country institution or investment firm, that the relevant EEA or third country relevant authority is satisfied that the resolution conditions are met in respect of such entity.

The SRR consists of five stabilisation options: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (d) the bail-in tool (as described below) and (e) temporary public ownership (nationalisation).

The Banking Act also provides for two new insolvency and administration procedures for relevant entities. Certain ancillary powers include the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Bonds), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and powers for the Relevant U.K. Resolution Authority to disapply or modify laws in the U.K. (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

Bondholders should assume that, in a resolution situation, financial public support will only be available to a relevant entity as a last resort after the Relevant U.K. Resolution Authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool (as described below).

The exercise of any resolution power or any suggestion of any such exercise could materially adversely affect the value of the Bonds and could lead to Bondholders losing some or all of the value of their investment in the Bonds.

The SRR is designed to be triggered prior to insolvency of the Issuer, and holders of the Bonds may not be able to anticipate the exercise of any resolution power (including the U.K. bail-in tool) by the Relevant U.K. Resolution Authority

The stabilisation options are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the stabilisation options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns.

Although the Banking Act provides specific conditions to the exercise of any resolution powers and, furthermore, the European Banking Authority's guidelines published in May 2015 set out the objective elements for the resolution authorities to apply in determining whether an institution is failing or likely to fail, it is uncertain how the Relevant U.K. Resolution Authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and/or other members of the Group and in deciding whether to exercise a resolution power.

The Relevant U.K. Resolution Authority is also not required to provide any advance notice to holders of the Bonds of its decision to exercise any resolution power. Therefore, holders of the Bonds may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, the Group and the Bonds.

Bondholders may have only very limited rights to challenge the exercise of any resolution powers (including the U.K. bail-in tool) by the Relevant U.K. Resolution Authority

Bondholders may have only very limited rights to challenge and/or seek a suspension of any decision of the Relevant U.K. Resolution Authority to exercise its resolution powers

(including the U.K. bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise.

The Relevant U.K. Resolution Authority may exercise the bail-in tool in respect of the Issuer and the Bonds, which may result in holders of the Bonds losing some or all of their investment

Where the relevant statutory conditions for use of the bail-in tool have been met, the Relevant U.K. Resolution Authority would be expected to exercise these powers without the consent of the Bondholders. Subject to certain exemptions set out in the BRRD (including secured liabilities, bank deposits guaranteed under an EU member state's deposit guarantee scheme, liabilities arising by virtue of the holding of client money, liabilities to other non-group banks or investment firms that have an original maturity of fewer than seven days and certain other exceptions), it is intended that all liabilities of institutions and/or their EEA parent holding companies should potentially be within scope of the bail-in tool. Accordingly, any exercise of the bail-in tool in respect of the Issuer and the Bonds may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Bonds and/or the conversion of the Bonds into shares or other securities or other obligations of the Issuer or another person, or any other modification or variation to the terms of the Bonds.

The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. In addition, the bail-in tool contains an express safeguard (known as "no creditor worse off") with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity. Among other proposals, the amendments to BRRD and the CRD IV Regulation proposed by the European Commission on 23 November 2016 have amended the creditor hierarchy in respect of certain unsecured debt instruments, although such amendments remain subject to national implementation. The other amendments to BRRD and CRD IV, such as the amendments in relation to MREL, are still in draft form and subject to the EU legislative process, therefore it is unclear what the effect of such amendments may be on the Group, the Issuer or the Bonds.

The exercise of the bail-in tool in respect of the Issuer and the Bonds or any suggestion of any such exercise could materially adversely affect the rights of the Bondholders, the price or value of their investment in the Bonds and/or the ability of the Issuer to satisfy its obligations under the Bonds and could lead to Bondholders losing some or all of the value of their investment in such Bonds. In addition, even in circumstances where a claim for compensation is established under the "no creditor worse off" safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Bondholders in the resolution and there can be no assurance that Bondholders would recover such compensation promptly.

Under the terms of the Bonds, holders of the Bonds have agreed to be bound by the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority

Notwithstanding any other agreements, arrangements, or understandings between the Issuer and any holder of the Bonds, by its acquisition of the Bonds, each holder of the Bonds acknowledges, accepts, agrees to be bound by, and consents to the exercise of, any U.K. Bail-in Power by the Relevant U.K. Resolution Authority that may result in (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the Bonds, (ii) the conversion of all, or a portion, of the principal amount of, or interest on the Bonds into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder of the Bonds of such shares, securities or obligations) and/or (iii) the amendment of the maturity of the Bonds, or amendment of the amount of interest due on the Bonds, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the Bonds solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power.

Each holder of the Bonds further acknowledges and agrees that the rights of the holders of the Bonds are subject to, and will be varied, if necessary, solely to give effect to the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority. Accordingly, any U.K. Bail-in Power may be exercised in such a manner as to result in holders of the Bonds losing all or a part of the value of their investment in the Bonds or receiving a different security from the Bonds, which may be worth significantly less than the Bonds and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Relevant U.K. Resolution Authority may exercise the U.K. Bail-in Power without providing any advance notice to, or requiring the consent of, the holders of the Bonds. In addition, under the terms of the Bonds, the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the Bonds is not an Event of Default (as defined in the Conditions of Bonds). For more information, see *Remarks 1 "U.K. Bail-in Power"* above. See also "*—Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the Bonds.*"

The records, etc. under the Book-Entry Transfer System

It is not yet clear what procedures and timelines will need to be followed in connection with the exercise of the U.K. Bail-in Power. It is possible that a public notice of the exercise of the U.K. Bail-in Power could be given immediately before or even after the effective date of such exercise. Also, even if the Issuer and/or the Fiscal Agent request the Book-Entry Transfer Institution immediately upon the exercise of the U.K. Bail-in Power to take necessary actions in accordance with the U.K. Bail-in Power (including but not limited to mark-down of the value of the Bonds as recorded under the Book-Entry Transfer System and/or to suspension of the transfers through the Book-Entry Transfer System), a period of time may be required before implementation of such actions. As a result, there can be no assurance that mark-down of the value of Bonds as recorded under the Book-Entry Transfer System and/or suspension of transfers through the Book-Entry Transfer System will be

implemented before or simultaneously with the effectiveness of any exercise of the U.K. Bail-in Power, and there is a possibility that the Bonds have been already written down or converted and therefore the Issuer has been already released from its payment obligations under the Bonds even when there are still records of the Bonds in the case of the exercise of the U.K. Bail-in Power. In addition, when the Bonds are converted into shares or other securities or obligations of the Issuer or any other person pursuant to a U.K. Bail-in Power, the procedures for conversion and delivery of the shares, etc. may not be conducted within the framework of the Book-Entry Transfer System.

A downgrade of the credit rating assigned by any credit rating agency to the Issuer or to the Bonds could adversely affect the liquidity or market value of the Bonds. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies

It is expected that, the Bonds will be rated by credit rating agencies and may in the future be rated by additional credit rating agencies, although the Issuer is under no obligation to ensure that the Bonds are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these risk factors and other factors that may affect the liquidity or market value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

Any rating assigned to the Issuer and/or the Bonds may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the Issuer's strategy and management's capability; the Issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the Issuer's key markets; the level of political support for the industries in which the Issuer operates; the implementation of structural reform; and legal and regulatory frameworks affecting the Issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of changes to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or the Bonds, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or the Bonds on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described

above or otherwise, such event could adversely affect the liquidity or market value of the Bonds (whether or not the Bonds had an assigned rating prior to such event).

Modification

The Conditions of Bonds contain provisions for calling meetings of Bondholders to consider matters affecting interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Conditions of Bonds also provide that certain modifications and amendments to the Conditions of Bonds and the Fiscal Agency Agreement may be made without the consent of any Bondholder, for the purpose of curing any ambiguity, or of correcting or supplementing any defective provisions contained therein, adding covenants for the benefit of the Bondholders, surrendering rights or powers conferred on the Issuer, effecting succession or assumption as a result of a merger or similar transaction, or in any other manner which the Issuer may deem necessary and desirable and which will not materially adversely affect the interest of the Bondholders or the Fiscal Agent.

In addition, as described in "1-1- "Method of Payment of Interest - (2)"" above, certain changes may be made to the interest calculation provisions of the Bonds in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Bondholders.

Changes in law may adversely affect the rights of Bondholders

Changes in law after the date hereof may affect the rights of Bondholders as well as the market value of the Bonds. The Conditions of Bonds are based on Japanese law in effect as at the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Japanese law or administrative practice after the date of issue of the Bonds. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Bonds, which may have an adverse effect on an investment in the Bonds.

In addition, any change in law or regulation that triggers certain tax events or does, or would be likely to, trigger a Loss Absorption Disqualification Event would entitle the Issuer, at its option (subject to, amongst other things, receipt of the prior consent of the PRA and/or any other relevant national or European authority (if such consent is then required by the Capital Regulations)), to redeem the Bonds, in whole but not in part, as provided "1-1- "Method of Redemption"" above.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Bonds and, therefore, affect the trading price of the Bonds given the extent and impact on the Bonds that one or more regulatory or legislative changes, including those described above, could have on the Bonds.

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial

performance, capital and risk management strategies – see pages 80 to 81 of the 2017 Annual Report for more detail. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's, performance and financial condition. It is not yet possible to predict the details of such legislation or regulatory rulemaking or the ultimate consequences to the Group or the Bondholders, which could be material to the rights of holders of the Bonds and/or the ability of the Issuer to satisfy its obligations under such Bonds. For example, on 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks. These proposals amend many of the existing provisions set forth in CRD IV and the BRRD and some of these are now being submitted for consideration by the European Parliament and Council. The majority of these proposals are in draft form and are still subject to the EU legislative process and national implementation. Until such time as the proposals are formally approved by the European Parliament and Council, there can be no assurance as to whether, or when, the proposed amendments will be adopted and whether they will be adopted in the manner as currently proposed and therefore it is uncertain how they will affect the Issuer, the Group or the holders of the Bonds.

Although these are only proposals subject to change and to the other uncertainties referred to in the prior sentence, if adopted in their current form as of the date hereof (without any further amendment or clarification), such proposals could result in a Loss Absorption Disqualification Event which would entitle the Issuer to elect to effect an Event of Default Substitution, without the need for the Issuer to obtain any consent from any Bondholder, see *"The events of default relating to the Bonds may be substituted with events of default with more limited remedies in connection with a Loss Absorption Disqualification Event"*.

U.S. withholding tax under FATCA

Pursuant to certain provisions of the US Internal Revenue Code of 1986, commonly known as "FATCA", a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds. In the event that any withholding were to be required

pursuant to FATCA or an IGA with respect to payments on the Bonds, no person would be required to pay additional amounts as a result of the withholding.

2 Disclosure of information of potential investors in relation to the Bonds

Information pertaining to the potential investors in the Bonds (excluding personal information), such as their names, investment policies and status of deliberation in relation to the investment, demand amount and asking price as well as the final purchase amount will be disclosed to, provided to, and shared with the Issuer, as necessary, through each of Barclays Securities Japan Limited, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., and SMBC Nikko Securities Inc as Joint Lead Managers, unless potential investors express their disagreement to the disclosure of information to the Joint Lead Managers.

PART II. REFERENCE INFORMATION

I. REFERENCE DOCUMENTS

For matters listed under item 2, paragraph 1, article 5 of the Financial Instruments and Exchange Law such as the Issuer's overall condition and the condition of business, etc., see the documents listed below.

1. Annual Securities Report and Attachments Thereto

Not applicable.

2. Quarterly Report or Semi-Annual Securities Report

Not applicable.

3. Extraordinary Report

Not applicable.

4. Foreign Company Annual Securities Report and Supplementary Documents Thereto

For the year 2017 (from 1 January 2017 to 31 December 2017) – filed on 27 April 2018 with the Director-General of Kanto Local Finance Bureau.

5. Foreign Company Quarterly Report and Supplementary Documents Thereto, and Foreign Company Semi-Annual Securities Report and Supplementary Documents Thereto

For the first half year 2018 (from 1 January 2018 to 30 June 2018) – filed on 4 September 2018 with the Director-General of Kanto Local Finance Bureau.

6. Foreign Company Extraordinary Report

Not applicable.

7. Amendments

Amendment to Foreign Company Annual Securities Report and Supplementary Documents thereto (filed on 27 April 2018) referred to in Item 4 above – filed on 4 September 2018 with the Director - General of Kanto Local Finance Bureau.

II. SUPPLEMENTAL INFORMATION RELATING TO REFERENCE DOCUMENTS

1. Risks in Business, etc.

With regard to the section "Risks in Business, etc." in the Foreign Company Annual Securities Report and supplementary documents thereto and the Foreign Company Semi-Annual Securities Report and supplementary documents thereto which are listed above as reference documents, no material changes nor any other material events have occurred from the filing date of the Foreign Company Annual Securities Report and supplementary documents thereto and Foreign Company Semi-Annual Securities Report and supplementary documents thereto to the date hereof.

2. Forward-looking statements

There are some forward-looking statements contained in the Foreign Company Annual Securities Report and supplementary documents thereto and the Foreign Company Semi-

Annual Securities Report and supplementary documents thereto which are listed above as reference documents and there are no material changes in the Issuer's beliefs, outlooks, objectives, expectations and estimates on these matters as of the date hereof.

Financial performance in 2017

Performance Highlights

Barclays Group results for the year ended

	31.12.17 £m	31.12.16 £m	% Change
Total income	21,076	21,451	(2)
Credit impairment charges and other provisions	(2,336)	(2,373)	2
Net operating income	18,740	19,078	(2)
Operating expenses excluding UK bank levy and litigation and conduct	(13,884)	(14,565)	5
UK bank levy	(365)	(410)	11
Litigation and conduct	(1,207)	(1,363)	11
Operating expenses	(15,456)	(16,338)	5
Other net income	257	490	(48)
Profit before tax	3,541	3,230	10
Tax charge	(2,240)	(993)	
Profit after tax in respect of continuing operations	1,301	2,237	(42)
(Loss)/profit after tax in respect of discontinued operation	(2,195)	591	
Non-controlling interests in respect of continuing operations	(249)	(346)	28
Non-controlling interests in respect of discontinued operation	(140)	(402)	65
Other equity instrument holders ¹	(639)	(457)	(40)
Attributable (loss)/profit	(1,922)	1,623	

Performance measures

Return on average tangible shareholders' equity ¹	(3.6%)	3.6%
Average tangible shareholders' equity (£bn)	48.9	48.7
Cost: income ratio	73%	76%
Loan loss rate (bps)	57	53
Basic (loss)/earnings per share ¹	(10.3p)	10.4p
Basic earnings per share in respect of continuing operations ¹	3.5p	9.3p
Dividend per share	3.0p	3.0p

Balance sheet and capital management

Tangible net asset value per share	276p	290p
Common equity tier 1 ratio	13.3%	12.4%
Common equity tier 1 capital (£bn)	41.6	45.2
Risk weighted assets (£bn)	313	366
Average UK leverage ratio ²	4.9%	4.5%
Average fully loaded tier 1 capital ² (£bn)	51.2	51.6
Average UK leverage exposure ² (£bn)	1,045	1,137

Funding and liquidity

Group liquidity pool (£bn)	220	165
CRD IV liquidity coverage ratio	154%	131%
Loan: deposit ratio ³	80%	89%

¹ The profit after tax attributable to other equity instrument holders of £639m (2016: £457m) is offset by a tax credit recorded in reserves of £174m (2016: £128m). The net amount of £465m (2016: £329m), along with non-controlling interests, is deducted from profit after tax in order to calculate earnings per share and return on average tangible shareholders' equity.

² The average UK leverage ratio uses capital and exposure measures based on the last day of each month in the quarter; additionally the average exposure measure excludes qualifying central bank claims.

³ Loan: deposit ratio excludes Head Office and investment banking balances other than interest earning lending. Comparative has been restated to include interest earning lending balances within the investment banking business.

Group performance

- Profit before tax increased 10% to £3,541m driven by a 5% reduction in operating expenses, partially offset by a 2% reduction in income and lower other net income. Results were impacted by the appreciation of average USD and EUR against GBP of 5% and 7% respectively, compared to 2016, which positively impacted income and adversely affected impairment and operating expenses
- Total income decreased to £21,076m (2016: £21,451m) reflecting a £613m decrease in Barclays International and a £262m reduction in Head Office, partially offset by a reduction in losses related to Non-Core
- Credit impairment charges were broadly stable at £2,336m (2016: £2,373m) and reflected a charge of £168m in 2017 relating to deferred consideration from an asset sale in US Cards and the non-recurrence of a £320m charge in 2016 following the management review of the UK and US cards portfolio impairment modelling. Impairment increased in Barclays International driven by an increase in underlying delinquency trends and business growth in US Cards. The Group loan loss rate increased 4bps to 57bps
- Operating expenses reduced 5% to £15,456m driven primarily by lower Non-Core related operating expenses. The cost-income ratio reduced to 73% (2016: 76%)
- Other net income of £257m (2016: £490m) primarily reflected a gain of £109m on the sale of Barclays' share in Vocalink to MasterCard and a gain of £76m on the sale of a joint venture in Japan
- Profit after tax in respect of continuing operations was £1,301m (2016: £2,237m). The tax charge of £2,240m included a one-off tax charge of £1,177m due to the re-measurement of US DTAs as a result of the US Tax Cuts and Jobs Act, partially offset by an unrelated £276m increase in US DTAs due to a re-measurement of Barclays Bank PLC's (BBPLC) US branch DTAs
- Loss after tax in respect of the Africa Banking discontinued operation of £2,195m included a £1,090m impairment of Barclays' holding in BAGL and a £1,435m loss on the sale of 33.7% of BAGL's issued share capital, primarily due to recycling of currency translation reserve losses to the income statement on accounting deconsolidation
- RoTE was negative 3.6% (2016: positive 3.6%) and basic loss per share was 10.3p (2016: earnings per share of 10.4p). Excluding litigation and conduct, losses related to the sell down of BAGL and the one-off net charge due to the re-measurement of US DTAs, RoTE was 5.6% and earnings per share was 16.2p
- Refer to pages 8-14 for further detail on Results by Business

Group capital and leverage

- The fully loaded CET1 ratio increased to 13.3% (December 2016: 12.4%) principally due to a reduction in risk weighted assets (RWAs) of £52.6bn to £313.0bn. CET1 capital decreased £3.6bn to £41.6bn
 - The sell down of Barclays' holding in BAGL to 14.9%, resulting in regulatory proportional consolidation, increased the CET1 ratio by c.60bps with a £31.1bn reduction in RWAs, offset by a £1.8bn reduction due to BAGL minority interests no longer being included in CET1 capital
 - Losses in respect of the discontinued operation due to the impairment of Barclays' holding in BAGL allocated to goodwill, and the recycling of the BAGL currency translation reserve losses to the income statement, had no impact on CET1
 - The CET1 ratio increased by a further c.50bps as a result of other RWA reductions, excluding the impact of foreign currency movements, including reductions in Non-Core
 - Excluding the impacts of BAGL and foreign currency movements, CET1 capital decreased further, as profits relating to continuing operations, after absorbing the net impact of the re-measurement of US DTAs, were offset by the redemption of USD preference shares and the payment of pension deficit reduction contributions in the year
- The average UK leverage ratio increased to 4.9% (December 2016: 4.5%) primarily driven by the issuance of additional tier 1 (AT1) securities, the reduction in Non-Core related exposures and due to regulatory proportional consolidation of BAGL
- Tangible net asset value per share decreased to 276p (December 2016: 290p) as profit before tax was more than offset by the net impact of the re-measurement of US DTAs in Q417 and adverse movements across reserves

Group funding and liquidity

- The Group continued to maintain surpluses to its internal and regulatory requirements. The liquidity pool increased to £220bn (December 2016: £165bn) reflecting the approach of holding a conservative liquidity position and through net deposit growth, the unwind of legacy Non-Core portfolios, money market borrowing and drawdown from the Bank of England Term Funding Scheme. The liquidity coverage ratio (LCR) increased to 154% (December 2016: 131%), equivalent to a surplus of £75bn (December 2016: £39bn) to 100%
- Wholesale funding outstanding excluding repurchase agreements was £157bn (December 2016: £158bn). The Group issued £11.5bn equivalent of capital and term senior unsecured debt from Barclays PLC (the Parent company) of which £6.1bn was in public senior unsecured debt and £5.4bn in capital instruments. In the same period, £6.1bn of BBPLC capital and senior public term instruments either matured or were redeemed, including the \$1.375bn 7.1% Series 3 USD preference shares

Results by Business

Barclays UK

	Year ended 31.12.17	Year ended 31.12.16	
	£m	£m	% Change
Income statement information			
Net interest income	6,086	6,048	1
Net fee, commission and other income	1,297	1,469	(12)
Total income	7,383	7,517	(2)
Credit impairment charges and other provisions	(783)	(896)	13
Net operating income	6,600	6,621	-
Operating expenses excluding UK bank levy and litigation and conduct	(4,030)	(3,792)	(6)
UK bank levy	(59)	(48)	(23)
Litigation and conduct	(759)	(1,042)	27
Operating expenses	(4,848)	(4,882)	1
Other net expenses	(5)	(1)	
Profit before tax	1,747	1,738	1
Attributable profit	853	828	3
Balance sheet information			
	£bn	£bn	
Loans and advances to customers at amortised cost	183.8	166.4	
Total assets	237.4	209.6	
Customer deposits	193.4	189.0	
Loan: deposit ratio	95%	88%	
Risk weighted assets	70.9	67.5	
Period end allocated tangible equity	9.6	8.5	
Key facts			
Average LTV of mortgage portfolio ¹	48%	48%	
Average LTV of new mortgage lending ¹	64%	63%	
Number of branches	1,208	1,305	
Mobile banking active customers	6.4m	5.4m	
30 day arrears rate - Barclaycard Consumer UK	1.8%	1.9%	
Performance measures			
Return on average allocated tangible equity	9.8%	9.6%	
Average allocated tangible equity (£bn)	9.1	8.9	
Cost: income ratio	66%	65%	
Loan loss rate (bps)	42	52	
Net interest margin	3.49%	3.62%	

¹ Average loan to value (LTV) of mortgage portfolio and new mortgage lending calculated on the balance weighted basis.

2017 compared to 2016

Income statement

- Profit before tax increased 1% to £1,747m as lower PPI charges of £700m (2016: £1,000m) and a reduction in credit impairment charges were partially offset by the non-recurrence of the gain on disposal of Barclays' share of Visa Europe Limited in 2016, higher costs of setting up the ring-fenced bank and increased investment, primarily in cyber resilience, digital and technology
- Total income decreased 2% to £7,383m, of which £151m reflected the non-recurrence of the gain on disposal of Barclays' share of Visa Europe Limited in 2016
 - Personal Banking income decreased 2% to £3,823m driven by the non-recurrence of the Visa gain and the impact of the UK base rate reduction in 2016, partially offset by deposit pricing initiatives, growth in balances and an update to effective interest rate (EIR) modelling
 - Barclaycard Consumer UK income decreased 2% to £1,977m reflecting a provision for remediation in H217
 - Wealth, Entrepreneurs & Business Banking (WEBB) income decreased 1% to £1,583m driven by the non-recurrence of the Visa gain, partially offset by growth in balances
 - Net interest income increased 1% to £6,086m due to deposit pricing initiatives and growth in loans and advances to customers and deposits, partially offset by the impact of the UK base rate reduction in 2016
 - Net interest margin decreased 13bps to 3.49% reflecting the integration of the Education, Social Housing and Local Authority (ESHLA) portfolio from Non-Core on 1 July 2017
 - Net fee, commission and other income decreased 12% to £1,297m driven by the non-recurrence of the Visa gain
- Credit impairment charges decreased 13% to £783m principally reflecting the non-recurrence of a £200m charge in 2016 following the management review of the cards portfolio impairment modelling, partially offset by higher charges in Barclaycard Consumer UK and Personal Banking
- Operating expenses decreased 1% to £4,848m due to lower charges for PPI of £700m (2016: £1,000m), partially offset by the costs of setting up the ring-fenced bank and increased investment, primarily in cyber resilience, digital and technology. The cost: income ratio was 66% (2016: 65%)

Balance sheet

- Loans and advances to customers increased 10% to £183.8bn and total assets increased 13% to £237.4bn, reflecting the integration of the ESHLA portfolio from Non-Core into WEBB on 1 July 2017 and mortgage growth in Personal Banking in H217
- Customer deposits increased 2% to £193.4bn due to deposit growth, partially offset by the realignment of certain clients between Barclays UK and Barclays International in preparation for structural reform
- RWAs increased to £70.9bn (December 2016: £67.5bn) reflecting the integration of the ESHLA portfolio

Barclays International

	Year ended 31.12.17	Year ended 31.12.16	
	£m	£m	% Change
Income statement information			
Net interest income	4,307	4,512	(5)
Net trading income	3,971	4,580	(13)
Net fee, commission and other income	6,104	5,903	3
Total income	14,382	14,995	(4)
Credit impairment charges and other provisions	(1,506)	(1,355)	(11)
Net operating income	12,876	13,640	(6)
Operating expenses excluding UK bank levy and litigation and conduct	(9,321)	(9,129)	(2)
UK bank levy	(265)	(284)	7
Litigation and conduct	(269)	(48)	
Operating expenses	(9,855)	(9,461)	(4)
Other net income	254	32	
Profit before tax	3,275	4,211	(22)
Attributable profit	847	2,412	(65)
Balance sheet information			
	£bn	£bn	
Loans and advances to banks and customers at amortised cost ¹	198.7	211.3	
Trading portfolio assets	113.0	73.2	
Derivative financial instrument assets	236.2	156.2	
Derivative financial instrument liabilities	237.8	160.6	
Reverse repurchase agreements and other similar secured lending	12.4	13.4	
Financial assets designated at fair value	104.1	62.3	
Total assets	856.1	648.5	
Customer deposits ²	225.1	216.2	
Loan: deposit ratio ³	62%	78%	
Risk weighted assets	210.3	212.7	
Period end allocated tangible equity	27.5	25.6	
Performance measures			
Return on average allocated tangible equity	3.4%	9.8%	
Average allocated tangible equity (£bn)	28.1	25.5	
Cost: income ratio	69%	63%	
Loan loss rate (bps)	75	63	
Net interest margin	4.16%	3.98%	

1 As at 31 December 2017 loans and advances included £170.4bn (December 2016: £185.9bn) of loans and advances to customers (including settlement balances of £15.7bn (December 2016: £19.5bn) and cash collateral of £35.9bn (December 2016: £30.1bn)), and £28.3bn (December 2016: £25.4bn) of loans and advances to banks (including settlement balances of £2.3bn (December 2016: £1.7bn) and cash collateral of £18.0bn (December 2016: £6.3bn)). Loans and advances to banks and customers in respect of Consumer, Cards and Payments were £38.6bn (December 2016: £39.7bn).

2 As at 31 December 2017 customer deposits included settlement balances of £15.2bn (December 2016: £16.6bn) and cash collateral of £27.3bn (December 2016: £20.8bn).

3 Loan: deposit ratio excludes investment banking balances other than interest earning lending. Comparative has been restated to include interest earning lending balances within the investment banking business.

2017 compared to 2016

Income statement

- Profit before tax decreased 22% to £3,275m driven by a 4% decrease in total income, an 11% increase in credit impairment charges and a 4% increase in operating expenses
- Total income decreased 4% to £14,382m, including the 5% appreciation of average USD and the 7% appreciation of average EUR against GBP, as CIB income decreased 6% to £9,878m, partially offset by a 1% increase in Consumer, Cards and Payments income to £4,504m
 - Markets income decreased 15% to £4,504m
 - Macro income decreased 29% to £1,634m driven by lower market volatility in rates, the exit of the energy-related commodities business and the integration of Non-Core assets on 1 July 2017
 - Credit income increased 5% to £1,241m due to improved performance in municipals
 - Equities income decreased 9% to £1,629m driven by US equity derivatives as a result of lower market volatility, partially offset by improved performance in equity financing
 - Banking income increased 2% to £5,334m
 - Banking fee income increased 9% to £2,612m due to higher debt and equity underwriting fees, with fee share gains in banking overall and debt underwriting
 - Corporate lending declined 9% to £1,093m driven by lower lending balances due to the realignment of certain clients between Barclays UK and Barclays International in preparation for structural reform and the reallocation of RWAs within CIB, as well as the non-recurrence of prior year treasury gains and lower work-out gains
 - Transaction banking declined 2% to £1,629m driven by lower trade balances and the non-recurrence of prior year treasury gains, partially offset by higher average deposit balances
 - Consumer, Cards and Payments income increased 1% to £4,504m driven by continued business growth, a gain of £192m relating to the Q117 asset sale in US Cards and a valuation gain on Barclays' preference shares in Visa Inc. of £74m, partially offset by the non-recurrence of the £464m gain on the disposal of Barclays' share of Visa Europe Limited in 2016
- Credit impairment charges increased 11% to £1,506m, including the appreciation of average USD and EUR against GBP
 - CIB credit impairment charges decreased 18% to £213m primarily due to the non-recurrence of oil and gas single name charges in 2016, offset by a single name charge in 2017
 - Consumer, Cards and Payments credit impairment charges increased 18% to £1,293m primarily due to a £168m charge in Q317 relating to deferred consideration from the Q117 asset sale in US Cards, an increase in underlying delinquency trends and business growth in US Cards. This was partially offset by the non-recurrence of a £120m charge in 2016 following the management review of the cards portfolio impairment modelling. The 30 and 90 day arrears rates within US Cards were stable at 2.6% (December 2016: 2.6%) and 1.3% (December 2016: 1.3%) respectively, including a benefit from the Q117 asset sale in US Cards
- Operating expenses increased 4% to £9,855m, including the appreciation of average USD and EUR against GBP
 - CIB operating expenses increased 2% to £7,742m reflecting a provision of £240m in respect of Foreign Exchange matters recognised in Q417, continued investment in technology, partially offset by lower restructuring charges and the reduced impact of the change in compensation awards introduced in Q416
 - Consumer, Cards and Payments increased 15% to £2,113m including continued growth and investment, primarily within the US Cards and merchant acquiring businesses
- Other net income increased to £254m (2016: £32m) due to a gain of £109m on the sale of Barclays' share in VocaLink to MasterCard and a gain of £76m on the sale of a joint venture in Japan
- Attributable profit reduced to £847m (2016: £2,412m) including the net tax charge due to the re-measurement of US DTAs in Q417

Balance sheet

- Loans and advances to banks and customers at amortised cost decreased £12.6bn to £198.7bn with CIB decreasing £11.5bn to £160.1bn due to a reduction in lending. Consumer, Cards and Payments decreased £1.1bn to £38.6bn due to the depreciation of period end USD against GBP, partially offset by the realignment of certain clients from Barclays UK to Barclays International in preparation for structural reform
- Trading portfolio assets increased £39.8bn to £113.0bn due to increased activity
- Derivative financial instrument assets and liabilities increased £80.0bn to £236.2bn and £77.2bn to £237.8bn respectively, reflecting the integration of balances from Non-Core on 1 July 2017, partially offset by adoption of daily settlements under the Chicago Mercantile Exchange (CME), an increase in major interest rate forward curves and the depreciation of period end USD against GBP
- Financial assets designated at fair value increased £41.8bn to £104.1bn primarily due to increased reverse repurchase agreements activity
- Customer deposits increased £8.9bn to £225.1bn, with Consumer, Cards and Payments increasing £9.2bn to £59.2bn driven by the realignment of certain clients from Barclays UK to Barclays International in preparation for structural reform
- RWAs decreased £2.4bn to £210.3bn due to the net impact of the re-measurement of US DTAs and the depreciation of period end USD against GBP, partially offset by increased trading portfolio and securities financing transaction volumes

Head Office

	Year ended 31.12.17 £m	Year ended 31.12.16 £m	% Change
Income statement information			
Net interest income	(435)	(183)	
Net fee, commission and other income ¹	276	286	(3)
Total income	(159)	103	
Credit impairment charges and other provisions	(17)	-	
Net operating (expenses)/income	(176)	103	
Operating expenses excluding UK bank levy and litigation and conduct	(277)	(135)	
UK bank levy	(41)	(2)	
Litigation and conduct	(151)	(27)	
Operating expenses	(469)	(164)	
Other net (expenses)/income	(189)	128	
(Loss)/profit before tax	(834)	67	
Attributable (loss)/profit	(868)	110	
Balance sheet information			
	£bn	£bn	
Total assets	39.7	75.2	
Risk weighted assets ²	31.8	53.3	
Period end allocated tangible equity	10.0	9.7	
Performance measures			
Average allocated tangible equity (Ebn)	9.3	6.5	

¹ Following the early adoption of the own credit provisions of IFRS 9 on 1 January 2017, own credit, which was previously reported in net fee, commission and other income, is now recognised in other comprehensive income. The comparative figure for net fee, commission and other income included own credit.

² Includes Africa Banking RWAs of £6.4bn (December 2016: £42.3bn).

2017 compared to 2016

Income statement

- Loss before tax was £834m (2016: profit of £67m)
- Total income reduced to an expense of £159m (2016: income of £103m) primarily due to lower net income from treasury operations
- Operating expenses increased to £469m (2016: £164m) due to costs associated with Non-Core assets and businesses, which were integrated on 1 July 2017, and increased litigation and conduct costs, including a settlement to resolve the civil action brought by the US Federal Energy Regulatory Commission's Office of Enforcement and provisions for other legacy redress
- Other net expenses were £189m (2016: income of £128m) driven by an expense of £180m on the recycling of the currency translation reserve to the income statement on the sale of Barclays Bank Egypt. 2016 included a gain due to recycling of the currency translation reserve on disposal of the Southern European cards business

Balance sheet

- Total assets decreased to £39.7bn (December 2016: £75.2bn) primarily due to the accounting deconsolidation of BAGL, which accounted for £65bn of total assets on deconsolidation from the Barclays Group. This was partially offset by the integration of Non-Core assets on 1 July 2017, of which c.£9bn related to Italian mortgages
- RWAs decreased to £31.8bn (December 2016: £53.3bn) reflecting a £31.1bn reduction as a result of the proportional consolidation of BAGL, partially offset by the integration of Non-Core assets

Barclays Non-Core Results

The Non-Core segment was closed on 1 July 2017 with the residual assets and liabilities reintegrated into, and associated financial performance subsequently reported in, Barclays UK, Barclays International and Head Office. Financial results up until 30 June 2017 are reflected in the Non-Core segment within the Group's results for the year ended 31 December 2017.

Barclays Non-Core

	Six months ended 30.06.17	Year ended 31.12.16
	£m	£m
Income statement information		
Net interest income	(112)	160
Net trading income	(488)	(1,703)
Net fee, commission and other income	70	379
Total income	(530)	(1,164)
Credit impairment charges and other provisions	(30)	(122)
Net operating expenses	(560)	(1,286)
Operating expenses excluding UK bank levy and litigation and conduct	(256)	(1,509)
UK bank levy	-	(76)
Litigation and conduct	(28)	(246)
Operating expenses	(284)	(1,831)
Other net income	197	331
Loss before tax	(647)	(2,786)
Attributable loss	(419)	(1,916)

Discontinued Operation Results

On 1 March 2016, Barclays announced its intention to reduce the Group's 62.3% interest in BAGL to a level which would permit Barclays to deconsolidate BAGL from a regulatory perspective and, prior to that, from an accounting perspective. From this date, BAGL was treated as a discontinued operation. On 5 May 2016, Barclays sold 12.2% of the Group's interest in BAGL and on 1 June 2017 Barclays sold a further 33.7% of BAGL's issued share capital, resulting in the accounting deconsolidation of BAGL from the Barclays Group. At this time, Barclays' holding in BAGL technically met the requirements to be treated as an Associate. However, following a revision of its governance rights in July 2017 and the difference being immaterial, the holding was treated as an AFS asset from the transaction date.

In Q317 Barclays contributed 1.5% of BAGL's ordinary shares to a Black Economic Empowerment scheme, resulting in Barclays accounting for 126 million ordinary shares in BAGL, representing 14.9% of BAGL's issued share capital. The retained investment is reported as an AFS asset in the Head Office segment, with Barclays' share of BAGL's dividend recognised in the Head Office income statement.

For regulatory reporting purposes, BAGL is treated on a proportional consolidated basis based on a holding of 14.9% as at Q417. Subject to regulatory approval, Barclays expects to fully deconsolidate BAGL from a regulatory perspective by the end of 2018.

Africa Banking

	Year ended 31.12.17 ¹	Year ended 31.12.16
	£m	£m
Income statement information		
Net interest income	1,024	2,169
Net fee, commission and other income	762	1,577
Total income	1,786	3,746
Credit impairment charges and other provisions	(177)	(445)
Net operating income	1,609	3,301
Operating expenses excluding UK bank levy and impairment of Barclays' holding in BAGL	(1,130)	(2,345)
UK bank levy	-	(65)
Other net income excluding loss on sale of BAGL	5	6
Profit before tax excluding impairment of Barclays' holding in BAGL and loss on sale of BAGL	484	897
Impairment of Barclays' holding in BAGL	(1,090)	-
Loss on sale of BAGL	(1,435)	-
(Loss)/profit before tax	(2,041)	897
Tax charge	(154)	(306)
(Loss)/profit after tax	(2,195)	591
Attributable (loss)/profit	(2,335)	189

¹ The Africa Banking income statement represents five months of results as a discontinued operation to 31 May 2017.

Financial performance for the first half of 2018

Performance Highlights

Barclays Group results for the half year ended

	30.06.18	30.06.17	% Change
	£m	£m	
Total income	10,934	10,881	-
Credit impairment charges and other provisions	(571)	(1,054)	46
Net operating income	10,363	9,827	5
Operating expenses excluding litigation and conduct	(6,674)	(6,989)	5
Litigation and conduct ¹	(2,042)	(743)	
Operating expenses	(8,716)	(7,732)	(13)
Other net income	12	246	(95)
Profit before tax	1,659	2,341	(29)
Tax charge	(737)	(778)	5
Profit after tax in respect of continuing operations	922	1,563	(41)
Loss after tax in respect of discontinued operation	-	(2,195)	
Non-controlling interests in respect of continuing operations	(108)	(138)	22
Non-controlling interests in respect of discontinued operation	-	(140)	
Other equity instrument holders ²	(346)	(301)	(15)
Attributable profit/(loss)	468	(1,211)	

Performance measures

Return on average tangible shareholders' equity ²	2.6%	(4.6%)	
Average tangible shareholders' equity (£bn)	43.8	49.4	
Cost: income ratio	80%	71%	
Loan loss rate (bps)	35	49	
Basic earnings/(loss) per share ²	3.3p	(6.6p)	
Basic earnings per share in respect of continuing operations ²	3.3p	7.1p	
Dividend per share	2.5p	1.0p	

Performance measures excluding litigation and conduct¹

Profit before tax	3,701	3,084	20
Attributable profit/(loss)	2,457	(489)	
Return on average tangible shareholders' equity ²	11.6%	(1.6%)	
Cost: income ratio	61%	64%	
Basic earnings/(loss) per share ²	14.9p	(2.4p)	

Balance sheet and capital management³

	As at 30.06.18	As at 31.12.17	As at 30.06.17
	£bn	£bn	£bn
Tangible net asset value per share	259p	276p	284p
Common equity tier 1 ratio ⁴	13.0%	13.3%	13.1%
Common equity tier 1 capital	41.4	41.6	42.8
Risk weighted assets	319.3	313.0	327.4
Average UK leverage ratio	4.6%	4.9%	4.8%
Average tier 1 capital	49.7	51.2	52.1
Average UK leverage exposure	1,082	1,045	1,092

Funding and liquidity

Group liquidity pool	214	220	201
CRD IV liquidity coverage ratio	154%	154%	149%
Loan: deposit ratio	83%	81%	82%

¹ Refer to pages 94 to 102 for further information and calculations of performance measures excluding litigation and conduct.

² The profit after tax attributable to other equity instrument holders of £346m (H117: £301m) is offset by a tax credit recorded in reserves of £93m (H117: £82m). The net amount of £253m (H117: £219m), along with non-controlling interests, is deducted from profit after tax in order to calculate earnings per share and return on average tangible shareholders' equity.

³ Capital, RWAs and leverage measures are calculated applying the transitional arrangements of the Capital Requirements Regulation (CRR). This includes IFRS 9 transitional arrangements. For more information refer to the Barclays PLC Pillar 3 Report H1 2018, due to be published by 31 August 2018, located at home.barclays/results.

⁴ The fully loaded CET1 ratio was 12.6%, with £40.1bn of CET1 capital and £319.2bn of RWAs, calculated without applying the transitional arrangements of the CRR.

Group performance

- Profit before tax was £1,659m (H117: £2,341m). Excluding litigation and conduct charges, profit before tax increased 20% to £3,701m driven by a 46% improvement in credit impairment charges and a 5% reduction in operating expenses. The 10% depreciation of average USD against GBP adversely impacted profits and income, and positively impacted credit impairment charges and operating expenses
- Total income was broadly in line at £10,934m (H117: £10,881m). Barclays UK income decreased 1%, while Barclays International income declined 3% as a 1% increase in CIB income was more than offset by an 11% reduction in Consumer, Cards and Payments, primarily as a result of one-off gains in H117 reflecting management de-risking actions. Head Office income was a net expense of £205m (H117: income of £2m), and the Group benefited from the non-recurrence of negative income associated with the former Non-Core division, which was closed on 1 July 2017
- Credit impairment charges reduced 46% to £571m driven by Barclays International, primarily due to single name recoveries in wholesale banking, improved macroeconomic forecasts in the US, the impact of repositioning the US cards portfolio towards a lower risk mix, repayment of certain US card balances following higher than expected seasonality and portfolio adjustments as IFRS 9 continues to embed. The Barclays Group loan loss rate was 35bps (H117: 49bps)
- Barclays adopted IFRS 9, Financial Instruments from 1 January 2018, requiring the recognition of impairment earlier in the lifecycle of a product having considered forward-looking information. As experienced during H118, the impairment measurement and resulting charge has been more volatile in response to the impacts from an improved macroeconomic outlook, higher than expected seasonality and single name recoveries. These impacts are not expected to repeat in a stable economic and credit environment. In addition, the H118 impairment charge included a non-recurring reduction from portfolio adjustments as IFRS 9 continues to be embedded within our business as usual process and controls including the performance of impairment models
- Operating expenses of £8,716m (H117: £7,732m) included litigation and conduct charges of £2,042m (H117: £743m), excluding which, operating expenses reduced 5% to £6,674m, driven by a 2% reduction in Barclays International and the non-recurrence of costs associated with the former Non-Core division. The cost: income ratio, excluding litigation and conduct, reduced to 61% (H117: 64%)
- Other net income declined to £12m (H117: £246m) primarily reflecting the non-recurrence of gains on the sales of Barclays' share in VocaLink and a joint venture in Japan in H117
- The effective tax rate increased to 44.4% (H117: 33.2%) mainly due to higher litigation and conduct costs which are non-deductible for tax purposes. Excluding litigation and conduct, the underlying effective tax rate reduced to 21.3% (H117: 25.9%), primarily due to the reduction in the US federal corporate income tax rate under the US Tax Cuts and Jobs Act and the beneficial impact of adjustments to prior periods that have been recognised in H118. The Group's underlying effective tax rate for the full year 2018 and future periods is expected to be in the mid-20 percents
- RoTE was 11.6% (H117: negative 1.6%) and earnings per share was 14.9p (H117: loss per share of 2.4p), excluding litigation and conduct
- TNAV per share was 259p (December 2017: 276p) as the impact of the implementation of IFRS 9 and litigation and conduct charges in Q118 more than offset profits in the half year. TNAV per share increased 8p from March 2018, predominantly driven by profits in the quarter

Group capital and leverage

- Barclays' CET1 ratio decreased to 13.0% (December 2017: 13.3%) due to an increase in RWAs of £6.3bn to £319.3bn and a decrease in CET1 capital of £0.2bn to £41.4bn
- The increase in RWAs reflected an increase in both businesses within Barclays International and regulatory methodology changes for the Education, Social Housing and Local Authority (ESHLA) portfolio in Barclays UK, offset by the net reduction due to Barclays Africa Group Limited (BACL) regulatory deconsolidation
- £0.8bn of organic capital generation from profits, after absorbing the impacts of litigation and conduct charges, was offset by £0.8bn of regulatory deductions for dividends paid and foreseen
- The average UK leverage ratio decreased to 4.6% (December 2017: 4.9%) primarily driven by increased exposures due to securities financing transactions (SFTs) and trading portfolio assets trading activity, as well as a decrease in average tier 1 capital

Group funding and liquidity

- The Barclays Group continued to maintain surpluses to its internal and regulatory liquidity requirements. The liquidity pool decreased to £214bn (December 2017: £220bn) driven largely by the deployment of funding to support business growth. The liquidity coverage ratio (LCR) remained at 154% (December 2017: 154%), equivalent to a surplus of £73bn (December 2017: £75bn) to the 100% requirement
- Wholesale funding outstanding (excluding repurchase agreements) was £149bn (December 2017: £144bn). In H118, Barclays Group issued £6.2bn of minimum requirement for own funds and eligible liabilities (MREL) instruments from Barclays PLC (the Parent company) in a range of different currencies. Barclays Bank PLC continued to issue in the shorter term markets and Barclays Bank UK PLC issued in the shorter term and secured markets, helping to maintain their stable and diversified funding bases. Notable issuances in H118 included \$3bn 3 year senior unsecured notes from Barclays Bank PLC and a £1.25bn 5 year covered bond from Barclays Bank UK PLC. Barclays Group has continued to reduce its reliance on short-term wholesale funding, where the proportion maturing in less than 1 year fell to 27% (December 2017: 31%)

Other matters

- On 1 April 2018 Barclays successfully established its ring-fenced bank, Barclays Bank UK PLC, after receiving approval from the Prudential Regulation Authority (PRA) and the High Court of Justice of England and Wales to implement the ring-fencing transfer scheme under Part VII of the Financial Services Markets Act 2000

Results by Business

Barclays UK	Half year ended 30.06.18	Half year ended 30.06.17	
	£m	£m	% Change
Income statement information			
Net interest income	2,986	3,045	(2)
Net fee, commission and other income	638	616	4
Total income	3,624	3,661	(1)
Credit impairment charges and other provisions	(415)	(398)	(4)
Net operating income	3,209	3,263	(2)
Operating expenses excluding litigation and conduct	(1,973)	(1,933)	(2)
Litigation and conduct ¹	(414)	(695)	40
Operating expenses	(2,387)	(2,628)	9
Other net income/(expenses)	4	(1)	
Profit before tax	826	634	30
Attributable profit	426	185	
	As at 30.06.18	As at 31.12.17	As at 30.06.17
	£bn	£bn	£bn
Balance sheet information			
Loans and advances to customers at amortised cost	185.3	183.8	166.6
Total assets	245.9	237.4	203.4
Customer deposits at amortised cost	194.3	193.4	187.4
Loan: deposit ratio	96%	95%	89%
Risk weighted assets	75.0	70.9	66.1
Period end allocated tangible equity	10.2	9.6	8.6
	Half year ended 30.06.18	Half year ended 30.06.17	
Key facts			
Average loan to value of mortgage portfolio	50%	47%	
Average loan to value of new mortgage lending	64%	62%	
Number of branches	1,155	1,295	
Mobile banking active customers	6.7m	6.0m	
30 day arrears rate - Barclaycard Consumer UK	1.9%	2.0%	
	Half year ended 30.06.18	Half year ended 30.06.17	
Performance measures			
Return on average allocated tangible equity	9.0%	4.6%	
Average allocated tangible equity (£bn)	10.0	8.8	
Cost: income ratio	66%	72%	
Loan loss rate (bps)	44	47	
Net interest margin	3.24%	3.69%	
	£m	£m	
Performance measures excluding litigation and conduct¹			
Profit before tax	1,240	1,329	(7)
Attributable profit	838	873	(4)
Return on average allocated tangible equity	17.3%	20.3%	
Cost: income ratio	54%	53%	

In H118, Barclays successfully established the UK ring-fenced bank as part of structural reform whilst seamlessly migrating over 600,000 customers onto new sort codes with minimal customer impact. Barclays UK continues to have strong market positions across most products, whilst exercising pricing discipline and a prudent risk appetite. Barclays UK is focused on generating sustainable income growth and the digital evolution of the business.

Income statement - H118 compared to H117

- RoTE was 9.0% (H117: 4.6%) including PPI charges of £400m (H117: £700m). Excluding litigation and conduct, RoTE was 17.3% (H117: 20.3%) as profit before tax decreased 7% to £1,240m, driven by a 2% increase in operating expenses, a 1% decrease in total income, and a 4% increase in credit impairment charges
- Total income decreased 1% to £3,624m reflecting the non-recurrence of a valuation gain on Barclays' preference shares in Visa Inc. in H117 and customer remediation provisions in Q118
 - Personal Banking income decreased 4% to £1,987m driven by the non-recurrence of the Visa gain in H117, a customer remediation provision and the realignment of clients from Barclays UK to Barclays International as part of structural reform
 - Barclaycard Consumer UK income increased 4% to £1,031m
 - Business Banking income increased 2% to £606m driven by the realignment of clients from Barclays International to Barclays UK as part of structural reform, partially offset by the non-recurrence of the Visa gain and a customer remediation provision
 - Net interest margin decreased 45bps to 3.24% reflecting the integration of the ESHLA portfolio from Non-Core on 1 July 2017 and margin pressure
- Credit impairment charges increased 4% to £415m including a one-off charge in Business Banking and increased impairment in Personal Banking, partially offset by a lower charge in UK cards. The 30 and 90 day arrears rates in UK cards remained broadly flat at 1.9% (June 2017: 2.0%) and 0.9% (June 2017: 0.9%), respectively
- Operating expenses excluding litigation and conduct increased 2% to £1,973m as continued investment in digitising the bank and inflationary pressures were partially offset by lower costs of setting up the ring-fenced bank and cost efficiencies. The cost: income ratio excluding litigation and conduct was 54% (H117: 53%)

Balance sheet - 30 June 2018 compared to 31 December 2017

- Loans and advances to customers at amortised cost increased 1% to £185.3bn reflecting £2.6bn of mortgage growth, partially offset by the impact of IFRS 9
- Total assets increased 4% to £245.9bn reflecting increases in the liquidity pool and loans and advances to customers
- Customer deposits at amortised cost remained broadly flat at £194.3bn (December 2017: £193.4bn) as deposit growth was partially offset by the realignment of clients between Barclays UK and Barclays International as part of structural reform
- RWAs increased to £75.0bn (December 2017: £70.9bn) primarily due to regulatory methodology changes for the ESHLA portfolio and growth in the mortgage book

Barclays International

	Half year ended 30.06.18	Half year ended 30.06.17	
	£m	£m	% Change
Income statement information			
Net interest income	1,866	2,172	(14)
Net trading income	2,510	2,221	13
Net fee, commission and other income	3,139	3,355	(6)
Total income	7,515	7,748	(3)
Credit impairment charges and other provisions	(161)	(625)	74
Net operating income	7,354	7,123	3
Operating expenses excluding litigation and conduct	(4,606)	(4,711)	2
Litigation and conduct ¹	(62)	(9)	
Operating expenses	(4,668)	(4,720)	1
Other net income	24	214	(89)
Profit before tax	2,710	2,617	4
Attributable profit	1,863	1,656	13

	As at 30.06.18	As at 31.12.17	As at 30.06.17
	£bn	£bn	£bn
Balance sheet information			
Loans and advances at amortised cost	125.5	126.8	135.2
Trading portfolio assets	116.5	113.0	83.3
Derivative financial instrument assets	228.2	236.2	108.4
Derivative financial instrument liabilities	224.9	237.8	116.8
Financial assets at fair value through the income statement	141.2	104.1	94.1
Total assets	886.5	856.1	681.6
Deposits at amortised cost	191.0	187.3	192.0
Loan: deposit ratio	66%	68%	70%
Risk weighted assets	218.0	210.3	212.2
Period end allocated tangible equity	30.5	27.5	26.8

	Half year ended 30.06.18	Half year ended 30.06.17
Performance measures		
Return on average allocated tangible equity	12.6%	12.4%
Average allocated tangible equity (£bn)	30.7	27.5
Cost: income ratio	62%	61%
Loan loss rate (bps)	25	61
Net interest margin	4.30%	4.06%

	£m	£m	% Change
Performance measures excluding litigation and conduct¹			
Profit before tax	2,772	2,626	6
Attributable profit	1,909	1,662	15
Return on average allocated tangible equity	12.9%	12.5%	
Cost: income ratio	61%	61%	

In H118, Barclays International delivered double digit returns continuing to build out our capabilities and businesses. The targeted deployment of financial resources, and investments in talent and technology has generated greater customer relevance in all products and regions - underlying growth in Consumer, Cards and Payments, strong performance in Markets, and our second highest quarter in Banking fees – strong evidence of continuing to progress with the strategy.

Income statement - H118 compared to H117

- Profit before tax increased 4% to £2,710m resulting in a RoTE of 12.6% (H117: 12.4%), reflecting double digit returns in both CIB, and Consumer, Cards and Payments of 11.0% (H117: 9.7%) and 21.2% (H117: 28.0%), respectively
- The 10% depreciation of average USD against GBP adversely impacted profits and income, and positively impacted credit impairment charges and operating expenses
- Total income decreased 3% to £7,515m
 - CIB income increased 1% to £5,379m as Markets income increased 9% to £2,796m, partially offset by a decrease in Banking income of 5% to £2,624m
 - FICC income decreased 2% to £1,605m driven by continued strong performance in foreign exchange, offset by a decline in credit income
 - Equities income increased 30% to £1,191m reflecting an improved performance in derivatives from increased client activity and a continued strong performance in equity financing
 - Banking fee income decreased 1% to £1,387m following a strong H117. Global fee share for H118 increased across all products compared to FY17
 - Corporate lending income declined 20% to £438m driven by lower lending balances including the ongoing redeployment of RWAs within CIB and the realignment of clients between Barclays UK and Barclays International as part of structural reform
 - Transaction banking income was in line at £799m (H117: £802m) as growth in deposits and transactions was offset by the impact of the realignment of clients between Barclays UK and Barclays International as part of structural reform
 - Consumer, Cards and Payments income decreased 11% to £2,136m driven by the non-recurrence of a £192m gain relating to an asset sale in US cards and a £74m valuation gain on Barclays' preference shares in Visa Inc. in H117, partially offset by continued underlying growth in US cards and a £53m gain on sale of a US cards portfolio in H118
- Credit impairment charges decreased 74% to £161m including portfolio adjustments as IFRS 9 continues to embed
 - CIB credit impairment charges decreased to a release of £182m (H117: charge of £50m) primarily due to single name recoveries and updated macroeconomic forecasts
 - Consumer, Cards and Payments credit impairment charges decreased 40% to £343m reflecting improved macroeconomic forecasts in the US, the impact of repositioning the US cards portfolio towards a lower risk mix and repayment of certain US card balances following higher than expected seasonality
- Operating expenses decreased 1% to £4,668m
 - CIB operating expenses decreased 4% to £3,559m driven by the reduction of restructuring and structural reform costs, and the reduced impact of the change in compensation awards introduced in Q416, partially offset by continued investment
 - Consumer, Cards and Payments operating expenses increased 8% to £1,109m. Excluding litigation and conduct operating expenses increased 4% to £1,060m including continued growth and investment, primarily within the US cards and merchant acquiring businesses
- Other net income decreased to £24m (H117: £214m) due to the non-recurrence of a gain of £109m on the sale of Barclays' share in VocaLink to MasterCard and a gain of £76m on the sale of a joint venture in Japan in H117

Balance sheet - 30 June 2018 compared to 31 December 2017

- Loans and advances at amortised cost remained broadly flat at £125.5bn (December 2017: £126.8bn) due to the integration of treasury balances from Head Office offset by the impact of the adoption of IFRS 9
- Derivative financial instrument assets and liabilities decreased £8.0bn to £228.2bn and £12.9bn to £224.9bn respectively, due to an increase in major interest rate forward curves and the adoption of daily settlement under the London Clearing House (LCH), partially offset by increased foreign exchange derivative volumes
- Financial assets at fair value through the income statement increased £37.1bn to £141.2bn primarily due to the impact of IFRS 9 and increased reverse repurchase agreements activity
- Deposits at amortised cost increased £3.7bn to £191.0bn, primarily due to the integration of treasury balances from Head Office and increased deposits in corporate lending, partially offset by the impact of IFRS 9
- RWAs increased to £218.0bn (December 2017: £210.3bn) driven by an increase in both Consumer, Cards and Payments and CIB

Head Office

	Half year ended 30.06.18	Half year ended 30.06.17	
	£m	£m	% Change
Income statement information			
Net interest income	(474)	(7)	
Net fee, commission and other income	269	9	
Total income	(205)	2	
Credit impairment releases/(charges) and other provisions	5	(1)	
Net operating (expenses)/income	(200)	1	
Operating expenses excluding litigation and conduct	(95)	(89)	(7)
Litigation and conduct ¹	(1,566)	(11)	
Operating expenses	(1,661)	(100)	
Other net expenses	(16)	(164)	90
Loss before tax	(1,877)	(263)	
Attributable loss	(1,821)	(298)	
	As at 30.06.18	As at 31.12.17	As at 30.06.17
	£bn	£bn	£bn
Balance sheet information			
Total assets	17.2	39.7	17.3
Risk weighted assets	26.3	31.8	26.2
Period end allocated tangible equity	3.6	10.0	9.0
	Half year ended 30.06.18	Half year ended 30.06.17	
	£bn	£bn	
Performance measures			
Average allocated tangible equity	3.1	8.2	
	£m	£m	% Change
Performance measures excluding litigation and conduct¹			
Loss before tax	(311)	(252)	(23)
Attributable loss	(290)	(290)	-

¹ Refer to pages 94 to 102 for further information and calculations of performance measures excluding litigation and conduct.

Income statement - H118 compared to H117

- Loss before tax was £1,877m (H117: £263m) driven by litigation and conduct charges of £1,566m (H117: £11m) primarily related to the £1.4bn settlement with the US DoJ relating to RMBS
- Total income reduced to an expense of £205m (H117: income of £2m) reflecting certain legacy capital instrument funding costs now charged to Head Office of £176m in H118, hedge accounting and an increased net expense from treasury operations. This was partially offset by a one-off gain of £155m from the settlement of receivables relating to the Lehman Brothers acquisition
- Operating expenses excluding litigation and conduct increased 7% to £95m due to costs associated with former Non-Core assets and businesses, which were integrated on 1 July 2017
- Other net expenses were £16m (H117: £164m) due to the non-recurrence of a £180m expense in H117 on the recycling of the currency translation reserve to the income statement on the sale of Barclays Bank Egypt

Balance sheet - 30 June 2018 compared to 31 December 2017

- Total assets decreased to £17.2bn (December 2017: £39.7bn) reflecting the transfer of treasury assets to Barclays UK and Barclays International as part of structural reform
- RWAs decreased to £26.3bn (December 2017: £31.8bn) reflecting the net reduction due to BACL regulatory deconsolidation

Barclays Non-Core Results

The Barclays Non-Core segment was closed on 1 July 2017 with the residual assets and liabilities reintegrated into, and associated financial performance subsequently reported in, Barclays UK, Barclays International and Head Office. Financial results up until 30 June 2017 are reflected in the Non-Core segment within the Barclays Group's results.

Barclays Non-Core	Half year ended 30.06.18	Half year ended 30.06.17
	£m	£m
Income statement information		
Net interest income	-	(112)
Net trading income	-	(488)
Net fee, commission and other income	-	70
Total income	-	(530)
Credit impairment charges and other provisions	-	(30)
Net operating expenses	-	(560)
Operating expenses excluding litigation and conduct	-	(256)
Litigation and conduct	-	(28)
Operating expenses	-	(284)
Other net income	-	197
Loss before tax	-	(647)
Attributable loss	-	(419)

Discontinued Operation Results

Following the reduction of the Barclays Group's interest in BAGL in 2017, Barclays' remaining holding of 14.9%, as at H118 is reported as a financial asset at fair value through other comprehensive income in the Head Office segment, with Barclays' share of BAGL's dividend recognised in the Head Office income statement.

Africa Banking	Half year ended 30.06.18	Half year ended 30.06.17 ¹
	£m	£m
Income statement information		
Net interest income	-	1,024
Net fee, commission and other income	-	762
Total income	-	1,786
Credit impairment charges and other provisions	-	(177)
Net operating income	-	1,609
Operating expenses excluding impairment of Barclays' holding in BAGL	-	(1,130)
Other net income excluding loss on sale of BAGL	-	5
Profit before tax excluding impairment of Barclays' holding in BAGL and loss on sale of BAGL	-	484
Impairment of Barclays' holding in BAGL	-	(1,090)
Loss on sale of BAGL	-	(1,435)
Loss before tax	-	(2,041)
Tax charge	-	(154)
Loss after tax	-	(2,195)
Attributable loss	-	(2,335)

¹ The H117 Africa Banking income statement represents five months of results as a discontinued operation to 31 May 2017.

**ANNEX B
SUPPLEMENT**

PART I. INFORMATION PERTAINING TO SECURITIES

Information concerning Barclays PLC Japanese Yen Callable Bonds - FIRST SERIES (2018) and Barclays PLC Japanese Yen Callable Bonds - SECOND SERIES (2018)

Here follows the descriptions of Barclays PLC Japanese Yen Callable Bonds - First Series (2018) (the "**JPY Callable Bonds - First Series**") and Barclays PLC Japanese Yen Callable Bonds - Second Series (2018) (the "**JPY Callable Bonds - Second Series**") to be issued by Barclays PLC (the "**Issuer**"). The term "**Bonds**" means the JPY Callable Bonds - First Series and the JPY Callable Bonds - Second Series, collectively, or if the context requires, either series of the Bonds. Where the terms differ for each of the Bonds, or where the separate description for respective Bonds is deemed to be more understandable, the respective Bonds are separately described under the headings, <JPY Callable Bonds - First Series> and <JPY Callable Bonds - Second Series>. Where the terms of the respective Bonds do not differ, the descriptions of each series of the Bonds will be collectively given as common terms.

The term "**Bondholders**" means the holders of the Bonds.

I. TERMS AND CONDITIONS OF OFFER FOR SUBSCRIPTION

1. Offering of the Bonds (other than short-term notes)

<JPY Callable Bonds - First Series>

Name of the Bonds	: Barclays PLC Japanese Yen Callable Bonds - First Series (2018) (Note 1) (Note 2)
Registered/Bearer	: —
Aggregate Face Value or Aggregate Amount of Book-Entry Transfer Corporate Bonds	: JPY 130,500,000,000
Denomination of Each Bond	: JPY 100,000,000
Aggregate Issue Price	: JPY 130,500,000,000
Issue Price	: 100% of the principal amount of the Bond
Rate of Interest (%)	: From, and including, 26 September 2018 to, and including, 25 September 2023: 1.232% per annum From, and including, 26 September 2023 to, and including, 25 September 2024:

The interest rate shall be 1.05% per annum plus the offered rate for 6-month Japanese yen deposits in the London interbank market which appears on the Reuters Page LIBOR01 (as defined in "Method of Payment of Interest — (2)(vii)" below.)

Please see "Method of Payment of Interest" below.

Interest Payment Date : 25 March, and 25 September of each year
Please see "Method of Payment of Interest" below.

Optional Redemption Date 25 September 2023
(the "**Fixed-to-Floating Rate Par Redemption Date**")
Please see "Method of Redemption" below.

Maturity Date : 25 September 2024

Method of Offering : Public offering

Deposit for Subscription : Not Applicable

Period of Subscription : 14 September 2018

Place for Subscription : Head Office and each branch office in Japan of each Underwriter listed below

Closing Date : 25 September 2018 (the "**Issue Date**")

Book-Entry Transfer Institution : Japan Securities Depository Center, Incorporated ("JASDEC") (Note 3)
1-1, Nihombashi-Kayabacho 2-chome, Chuo-ku, Tokyo

Method of Public Notice:

Notices to the Bondholders shall be valid if published in the Japanese Official Gazette (*kampo*), if possible, and in a daily Japanese newspaper published in both Tokyo and Osaka reporting on current affairs (which is expected to be the *Nihon Keizai Shimbun*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Direct notification to individual Bondholders need not be made. Such public notices to be given by the Issuer shall, upon the request and at the expense of the Issuer, be given by the Fiscal Agent (as described in "Fiscal Agent and Its Duties and Functions" below) on behalf of the Issuer.

- Omitted –

<JPY Callable Bonds - Second Series>

Name of the Bonds	: Barclays PLC Japanese Yen Callable Bonds - Second Series (2018) (Note 1) (Note 2)
Registered/Bearer	: —
Aggregate Face Value or Aggregate Amount of Book-Entry Transfer Corporate Bonds	: JPY 17,100,000,000
Denomination of Each Bond	: JPY 100,000,000
Aggregate Issue Price	: JPY 17,100,000,000
Issue Price	: 100% of the principal amount of the Bond
Rate of Interest (%)	: From, and including, 26 September 2018 to, and including, 25 September 2027: 1.635% per annum From, and including, 26 September 2027 to, and including, 25 September 2028: The interest rate shall be 1.30% per annum plus the offered rate for 6-month Japanese yen deposits in the London interbank market which appears on the Reuters Page LIBOR01 (as defined in "Method of Payment of Interest — (2)(vii)" below.) Please see "Method of Payment of Interest" below.
Interest Payment Date	: 25 March, and 25 September of each year Please see "Method of Payment of Interest" below.
Optional Redemption Date	: 25 September 2027 (the "Fixed-to-Floating Rate Par Redemption Date")

Please see "Method of Redemption" below.

Maturity Date	: 25 September 2028
Method of Offering	: Public offering
Deposit for Subscription	: Not Applicable
Period of Subscription	: 14 September 2018
Place for Subscription	: Head Office and each branch office in Japan of each Underwriter listed below
Closing Date	: 25 September 2018 (the " Issue Date ")
Book-Entry Transfer Institution	: Japan Securities Depository Center, Incorporated ("JASDEC") (Note 3) 1-1, Nihombashi-Kayabacho 2-chome, Chuo-ku, Tokyo

Method of Public Notice:

Notices to the Bondholders shall be valid if published in the Japanese Official Gazette (*kampo*), if possible, and in a daily Japanese newspaper published in both Tokyo and Osaka reporting on current affairs (which is expected to be the *Nihon Keizai Shimbun*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Direct notification to individual Bondholders need not be made. Such public notices to be given by the Issuer shall, upon the request and at the expense of the Issuer, be given by the Fiscal Agent (as described in "Fiscal Agent and Its Duties and Functions" below) on behalf of the Issuer.

- Omitted -

Underwriters:

<JPY Callable Bonds - First Series>

Primary Underwriting

The financial instruments firms which entered into the Subscription Agreement relating to the issue and offering of the Bonds are as follows:

<u>Name</u>	<u>Addresses</u>
Barclays Securities Japan Limited	10-1, Roppongi 6-chome, Minato-ku, Tokyo

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Mizuho Securities Co., Ltd.	Otemachi First Square, 5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
Nomura Securities Co., Ltd.	9-1, Nihombashi 1-chome, Chuo-ku, Tokyo
SMBC Nikko Securities Inc. (collectively, the " Joint Lead Managers ")	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

Amount Underwritten

JPY 130,500,000,000 (There is no underwritten amount for each of the Joint Lead Managers, since the aggregate issue price of the Bonds will be jointly and severally underwritten by the Joint Lead Managers.)

Terms of Primary Underwriting

Pursuant to the Subscription Agreement relating to the Bonds entered into by and between the Issuer and the Joint Lead Managers on 14 September 2018, the Joint Lead Managers will jointly and severally subscribe for and purchase the Bonds and will offer them to the public. The aggregate amount of management, underwriting and selling commissions payable to the Joint Lead Managers is an amount equal to 0.30% of the aggregate principal amount of the Bonds.

<JPY Callable Bonds - Second Series>

Primary Underwriting

The financial instruments firms which entered into the Subscription Agreement relating to the issue and offering of the Bonds are as follows:

<u>Name</u>	<u>Addresses</u>
Barclays Securities Japan Limited	10-1, Roppongi 6-chome, Minato-ku, Tokyo
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Mizuho Securities Co., Ltd.	Otemachi First Square, 5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
Nomura Securities Co., Ltd.	9-1, Nihombashi 1-chome, Chuo-ku, Tokyo

SMBC Nikko Securities Inc. (collectively, the " Joint Lead Managers ")	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
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Amount Underwritten

JPY 17,100,000,000 (There is no underwritten amount for each of the Joint Lead Managers, since the aggregate issue price of the Bonds will be jointly and severally underwritten by the Joint Lead Managers.)

Terms of Primary Underwriting

Pursuant to the Subscription Agreement relating to the Bonds entered into by and between the Issuer and the Joint Lead Managers on 14 September 2018, the Joint Lead Managers will jointly and severally subscribe for and purchase the Bonds and will offer them to the public. The aggregate amount of management, underwriting and selling commissions payable to the Joint Lead Managers is an amount equal to 0.375% of the aggregate principal amount of the Bonds.

Fiscal Agent and Its Duties and Functions:

- Omitted -

(1) Conditions of Entrustment

The Fiscal Agent shall act as fiscal agent and issuing and paying agent and reference agent in respect of the Bonds under the Fiscal and Reference Agency Agreement (the "**Fiscal Agency Agreement**") dated 14 September 2018 between the Issuer and the Fiscal Agent. The Issuer will pay to the Fiscal Agent the initial Fiscal Agent's fee as well as Fiscal Agent's fee during the period as separately agreed by the Issuer and the Fiscal Agent.

- Omitted -

Method of Payment of Interest:

<JPY Callable Bonds - First Series>

(1) Fixed Interest

The Bonds shall bear fixed interest (the "**Fixed Interest**") at the rate of 1.232% per annum of their principal amount for the period from, and including, 26 September 2018 to, and including, 25 September 2023 (the "**Fixed-to-Floating Rate Par Redemption Date**"), payable in Japanese yen semi-annually in arrear on 25 March and 25 September of each year (commencing on 25 March 2019) in respect of the half year period to, and including, each such interest payment date, provided, however, that, if any due date for payment of interest on the Bonds falls on a day which is not a Tokyo Business Day (as defined below), the Bondholders shall not be entitled to payment of the amount due until the next following

Tokyo Business Day and shall not be entitled to the payment of any further or additional interest or other payment in respect of such delay. Whenever it is necessary to compute an amount of Fixed Interest on the Bonds for a period of less than a half year, such interest shall be calculated on the basis of the actual number of calendar days in a 365-day year.

(2) Floating Interest

- (i) The Bonds shall bear floating interest (the "**Floating Interest**") from, and including, 26 September 2023, to, and including, 25 September 2024, payable in Japanese yen semi-annually in arrear on 25 March 2024 and 25 September 2024 in respect of the Floating Interest Period (as defined below) to, and including, each such date; provided that, if any such date would otherwise fall on a day which is not a Tokyo Business Day, the relevant due date for payment of interest shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Floating Interest Period ending on, and including, the due date as modified pursuant to this proviso. Interest due for a part of any Floating Interest Period shall be payable for the actual number of days included in such part on the basis of a 360-day year. Each due date for payment of Floating Interest, as provided above, is hereinafter referred to as an "**Floating Interest Payment Date**".

In "1. Offering of the Bonds (other than short-term notes)";

- (a) "**Tokyo Business Day**" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo; and
- (b) "**Floating Interest Period**" means the period beginning on, and including, 26 September 2023 and ending on, and including, the first Floating Interest Payment Date and the successive period beginning on, but excluding, a Floating Interest Payment Date and ending on, and including, the next succeeding Floating Interest Payment Date.
- (ii) The Bonds shall, from, and including, 26 September 2023, to, and including, 25 September 2024, bear interest on their principal amount at the rate per annum (the "**Rate of Interest**") from time to time determined as follows; provided that such Rate of Interest shall not be less than 0%.
- (a) At or prior to 10:00 a.m. (Tokyo time) on the Tokyo Business Day (an "**Interest Rate Determination Date**") immediately following the Interest Rate Quotation Date (as defined below), the Issuer will ascertain in respect of the relevant Floating Interest Period the offered rate (rounded, if necessary, to the nearest 4th decimal place with five or more in the 5th decimal place to be rounded upwards) for six-month Japanese yen deposits in the London interbank market administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) ("**LIBOR**") which appears on the Reuters Page LIBOR01 (as defined below) as of 11:00 a.m. (London time) on the second London Business Day (as defined below) before the first day of such Floating Interest Period

(each such day being hereinafter referred to as an "**Interest Rate Quotation Date**"). The Rate of Interest for such Floating Interest Period shall be the rate equal to 1.05% per annum (the "**Margin**") plus the above offered rate so ascertained by the Issuer.

- Omitted -

- (3) The Bonds shall cease to bear interest from, but excluding the date on which they become due for redemption; provided, however, that should the Issuer fail to redeem any of the Bonds when due in accordance with the Conditions of Bonds, then the Issuer shall pay accrued interest on the unpaid principal amount in Japanese yen for the actual number of days of the period from, but excluding, the due date to, and including, the date of the actual redemption of such Bond, computed on the basis of such actual number of days divided by 365 at the rate of 1.232% per annum (on or before the Fixed-to-Floating Rate Par Redemption Date) and on the basis of such actual number of days divided by 360 at the interest rate to be determined applying "Method of Payment of Interest – (2)" as if the Floating Interest Payment Dates continued to occur after such date (after the Fixed-to-Floating Rate Par Redemption Date). Such period, however, shall not exceed the date on which the Fiscal Agent acting as the paying agent allocates the necessary funds for the full redemption of the Bonds received by it from the Issuer to the relevant participants (*kikou kanyusha*) (the "JASDEC Participants"), which have opened their accounts to make book-entry transfer of the Bonds at JASDEC; provided that if such overdue allocation is not possible under the Business Regulations, such period shall not exceed 14 days commencing the date on which the last public notice is given by the Fiscal Agent in accordance with Remarks 4 "Payment of Principal and Interest – (2)". The Issuer shall notify each interest rate so determined to the Fiscal Agent in writing in accordance with the provisions of "Method of Payment of Interest – (2)(iv)", whereupon, by no later than the 5th Tokyo Business Day following each relevant date, the Fiscal Agent shall make such interest rate available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours. Public notice for such interest rate need not be given.

<JPY Callable Bonds - Second Series>

- (1) Fixed Interest

The Bonds shall bear fixed interest (the "**Fixed Interest**") at the rate of 1.635% per annum of their principal amount for the period from, and including, 26 September 2018 to, and including, 25 September 2027 (the "**Fixed-to-Floating Rate Par Redemption Date**"), payable in Japanese yen semi-annually in arrear on 25 March and 25 September of each year (commencing on 25 March 2019) in respect of the half year period to, and including, each such interest payment date, provided, however, that, if any due date for payment of interest on the Bonds falls on a day which is not a Tokyo Business Day (as defined below), the Bondholders shall not be entitled to payment of the amount due until the next following Tokyo Business Day and shall not be entitled to the payment of any further or additional interest or other payment in respect of such delay. Whenever it is necessary to compute an

amount of Fixed Interest on the Bonds for a period of less than a half year, such interest shall be calculated on the basis of the actual number of calendar days in a 365-day year.

(2) Floating Interest

- (i) The Bonds shall bear floating interest (the "**Floating Interest**") from, and including, 26 September 2027, to, and including, 25 September 2028, payable in Japanese yen semi-annually in arrear on 25 March 2028 and 25 September 2028 in respect of the Floating Interest Period (as defined below) to, and including, each such date; provided that, if any such date would otherwise fall on a day which is not a Tokyo Business Day, the relevant due date for payment of interest shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Floating Interest Period ending on, and including, the due date as modified pursuant to this proviso. Interest due for a part of any Floating Interest Period shall be payable for the actual number of days included in such part on the basis of a 360-day year. Each due date for payment of Floating Interest, as provided above, is hereinafter referred to as an "**Floating Interest Payment Date**".

In "1. Offering of the Bonds (other than short-term notes)";

- (a) "**Tokyo Business Day**" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo; and
- (b) "**Floating Interest Period**" means the period beginning on, and including, 26 September 2027 and ending on, and including, the first Floating Interest Payment Date and the successive period beginning on, but excluding, a Floating Interest Payment Date and ending on, and including, the next succeeding Floating Interest Payment Date.
- (ii) The Bonds shall, from, and including, 26 September 2027, to, and including, 25 September 2028, bear interest on their principal amount at the rate per annum (the "**Rate of Interest**") from time to time determined as follows; provided that such Rate of Interest shall not be less than 0%.
- (a) At or prior to 10:00 a.m. (Tokyo time) on the Tokyo Business Day (an "**Interest Rate Determination Date**") immediately following the Interest Rate Quotation Date (as defined below), the Issuer will ascertain in respect of the relevant Floating Interest Period the offered rate (rounded, if necessary, to the nearest 4th decimal place with five or more in the 5th decimal place to be rounded upwards) for six-month Japanese yen deposits in the London interbank market administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) ("**LIBOR**") which appears on the Reuters Page LIBOR01 (as defined below) as of 11:00 a.m. (London time) on the second London Business Day (as defined below) before the first day of such Floating Interest Period (each such day being hereinafter referred to as an "**Interest Rate Quotation Date**").

The Rate of Interest for such Floating Interest Period shall be the rate equal to 1.30% per annum (the "**Margin**") plus the above offered rate so ascertained by the Issuer.

- Omitted -

- (3) The Bonds shall cease to bear interest from, but excluding the date on which they become due for redemption; provided, however, that should the Issuer fail to redeem any of the Bonds when due in accordance with the Conditions of Bonds, then the Issuer shall pay accrued interest on the unpaid principal amount in Japanese yen for the actual number of days of the period from, but excluding, the due date to, and including, the date of the actual redemption of such Bond, computed on the basis of such actual number of days divided by 365 at the rate of 1.635% per annum (on or before the Fixed-to-Floating Rate Par Redemption Date) and on the basis of such actual number of days divided by 360 at the interest rate to be determined applying "Method of Payment of Interest — (2)" as if the Floating Interest Payment Dates continued to occur after such date (after the Fixed-to-Floating Rate Par Redemption Date). Such period, however, shall not exceed the date on which the Fiscal Agent acting as the paying agent allocates the necessary funds for the full redemption of the Bonds received by it from the Issuer to the relevant participants (*kikou kanyusha*) (the "JASDEC Participants"), which have opened their accounts to make book-entry transfer of the Bonds at JASDEC; provided that if such overdue allocation is not possible under the Business Regulations, such period shall not exceed 14 days commencing the date on which the last public notice is given by the Fiscal Agent in accordance with Remarks 4 "Payment of Principal and Interest – (2)". The Issuer shall notify each interest rate so determined to the Fiscal Agent in writing in accordance with the provisions of "Method of Payment of Interest — (2)(iv)", whereupon, by no later than the 5th Tokyo Business Day following each relevant date, the Fiscal Agent shall make such interest rate available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours. Public notice for such interest rate need not be given.

Method of Redemption:

<JPY Callable Bonds - First Series>

- (1) Final Redemption

Unless previously redeemed or purchased and cancelled as provided in "Method of Redemption —(2)", "Method of Redemption —(3)", "Method of Redemption — (4)" or "Method of Redemption — (7)", each Bond will be redeemed on 25 September 2024 at 100% of its principal amount; provided that, if such date would otherwise fall on a day which is not a Tokyo Business Day, the due date for redemption of the Bonds shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of

the Floating Interest Period ending on, and including, the due date as modified pursuant to this proviso.

- Omitted -

<JPY Callable Bonds - Second Series>

(1) Final Redemption

Unless previously redeemed or purchased and cancelled as provided in "Method of Redemption —(2)", "Method of Redemption —(3)", "Method of Redemption — (4)" or "Method of Redemption — (7)", each Bond will be redeemed on 25 September 2028 at 100% of its principal amount; provided that, if such date would otherwise fall on a day which is not a Tokyo Business Day, the due date for redemption of the Bonds shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Floating Interest Period ending on, and including, the due date as modified pursuant to this proviso.

- Omitted -

Remarks:

- Omitted -

2 Credit Ratings

(1) Credit ratings assigned by Credit Rating Firms

With respect to the Bonds, the Issuer obtained a credit rating of A- relating to the Bonds on 14 September 2018 from Rating and Investment Information, Inc., (registration number: Commissioner of Financial Services Agency (kakuzuke) No. 6) ("**R&I**"), a credit rating firm ("Credit Rating Firm") registered under Article 66-27 of the Financial Instruments and Exchange Act.

- Omitted -

(2) Credit ratings of the Bonds assigned by Unregistered Credit Rating Firms

With respect to the Bonds, the Issuer obtained credit ratings of Baa3 from Moody's Investors Service Ltd. ("**Moody's**") on 14 September 2018, BBB from S&P Global Ratings (acting through the S&P Global Ratings Europe Limited, UK Branch) ("**S&P**") on 13 September 2018, and A from Fitch Ratings Limited ("**Fitch**") on 13 September 2018 (all of them are not registered as a Credit Rating Firm (these three rating firms are hereinafter referred to as the "Unregistered Credit Rating Firm(s)")).

- Omitted -

2. Use of Proceeds of the Issuance of the Bonds

(1) Amount of Proceeds of the Issuance of the Bonds

Total Amount of Subscription Payment	Estimated Amount of Issue Expenses	Net Amount of Proceeds
JPY 147,600,000,000 (Note)	JPY 455,625,000 (Note)	JPY 147,144,375,000 (Note)

(Note) The total amount of JPY Callable Bonds – First Series and JPY Callable Bonds – Second Series.

- Omitted -

II. BASIC MATTERS PERTAINING TO THE BONDS TO BE OFFERED FOR SALE

Not applicable.

III. REMARKS FOR THIRD-PARTY ALLOTMENT

Not applicable.